

AN INVESTIGATION INTO STRATEGIC HUMAN  
RESOURCE MANAGEMENT IN INDONESIA:  
A GROUNDED RESEARCH APPROACH

Arif Hartono

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## DECLARATION

I declare that this thesis is my own account of my research and contains as its main content work which has not previously been submitted for a degree at any tertiary education institution

Perth, 7<sup>th</sup> October 2010

Arif Hartono

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*In the name of Allah, The Most Gracious, The Most Merciful*

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## DEDICATION

### **To My Loving Family:**

Wife: Lilis Ummi Fa'iezah

Sons: Muh. Luthfi Taufik Dzulfikar and Muh. Fakhri Taufik Ghiffari

*"I can never accomplished this without your unconditional love and support"*

### **In Loving Memories:**

Mother: Hj. Mutiatun

Father-in-law: H Ismakoen

### **With Love and Respect:**

Father: H. Badarudin Mawardi

Mother-in-law: Hj. Umi Mudawamah Solikhah

My entire family

## ABSTRACT

This thesis reports on a study investigating the role of strategic human resource management (SHRM) within the Indonesian context. This study is significant for two important reasons. The first is that the link between strategy and HR management in Indonesia appears to have excited little interest from researchers, despite that SHRM has a great deal to offer in assisting organizations manage one of their most valuable assets. The second is that greater understanding of this relationship will enable more strategic formulation and implementation of SHRM. The research has three main foci. The first is to examine how Indonesian organizations align their human resource management (HRM) practices to the business or organizational strategies. Second is to explore the factors that link the HR department to the strategic decision process. The third is to identify key determinants of successful implementation of HR strategy.

No apparent studies so far provide a clear picture of how strategic HR management is implemented in Indonesian organizations; therefore, a grounded theory methodology was used. Data was collected by interviewing sixty-three HR managers from the industry sectors of hotels, hospitals, agriculture and textile manufacturing. Participants were drawn from eight states across Indonesia. Consistent with grounded research principles, data was analyzed using five stages of coding procedure; –open coding, axial coding, selective coding, conditional matrix, theoretical proposition, as described by Strauss & Corbin (1998).

The findings of the study fall into three themes. First, is the approach Indonesian organizations use to align HRM to business or organizational strategies, which usually follows one of two approaches; a best practice or universalistic approach, or a best fit or contingency approach. The best practice perspective confirms a general pattern for managing Indonesian employees and this relates to organizations working within the three following conditions: the organizational process is simple; they have a captive market; and the organization is in a mature life stage. The best fit or contingency domain is adopted by organizations when business or competitive strategy is the major variable for determining the HR strategy. Other factors influencing HR strategy include

internal (organizational) and external (environmental) factors such as the organization's size, structure, life cycle, access to capital, market competition, technological changes, government rules, global changes, economic condition, culture, and the unions. The interactions among these influence HR strategy, either directly or indirectly by influencing the business strategy.

In addition, SHRM occurs through an integrative or two-way linkage. The integrative linkage is where the HR department is involved throughout the whole process and included in formulating strategy, decision-making and implementing strategy. In two-way linkage, the HR department participates in formulating and implementing strategy but is not involved in the decision making process. The choice for each approach depends on the fit with the organizational mindset, the organizational structure, and informal strategic decision process. Finally the determinants of HR strategy implementation match the central determinants of credibility, organizational support and the role and skills of the HR professional, as found in Western or international organizations. Understanding which factors are being utilized or adapted offers not only a significant contribution to our knowledge of the strategy – HR link, but will also have significant implications for practice in Indonesia and ample opportunity for further testing of this link.

*Keywords:*

Strategic human resource management, Indonesia, grounded research, best practice, best fit, two-way linkage, integrative linkage, credibility HR strategy, organizational support, role of HR people.

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## LIST OF ABBREVIATIONS

AFTA	ASEAN Free Trade Area
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of South East Asia Nations
BPS	Biro Pusat Statistik ( <i>Statistics Central Bureau</i> )
CAFTA	China-ASEAN Free Trade Agreement
CIA	Central Intelligence Agency
DPA	Dewan Pertimbangan Agung ( <i>Supreme Advisory Council</i> )
DPD	Dewan Perwakilan Daerah ( <i>Regional Representative Council</i> )
DPR	Dewan Perwakilan Rakyat ( <i>Council of People's Representative</i> )
GDP	Gross Domestic Product
HCM	High Commitment Management
HPWS	High Performance Work System
HR	Human Resource
HRM	Human Resource Management
ILO	International Labor Organization
ISO	The International Organization for Standardization
KKN	Korupsi Kolusi Nepotism ( <i>Corruption Collusion Nepotism</i> )
KPK	Komisi Pemberantasan Korupsi ( <i>Corruption Eradication Commission</i> )
KY	Komisi Yudisial ( <i>Judicial Commission</i> )
MK	Mahkamah Konstitusi ( <i>Constitutional Court</i> )
MPR	Majelis Permusyawaratan Rakyat ( <i>People's Consultative Assembly</i> )



OCB	Organizational Citizenship Behaviour
SBU	Strategic Business Unit
SHRM	Strategic Human Resource Management
SPSI	Serikat Pekerja Seluruh Indonesia ( <i>Indonesian Workers Union</i> )
UMK	Upah Minimum Kabupaten ( <i>Regency Minimum Wage</i> )
WTO	World Trade Organization

# CHAPTER I

## INTRODUCTION TO RESEARCH

### 1.1. Introduction

Human Resource (HR) scholars emphasize that the essence of Strategic Human Resource Management (SHRM) is how organizations link Human Resource Management (HRM) to their business or organizational strategy (note: for practical reason, the acronyms of HR, HRM and SHRM will be used throughout the thesis). This means that business strategy is the main determinant factor of HR strategy, followed by other internal or organizational and external or environmental factors (e.g. Armstrong, 2009; Beer et al., 1984; Boxall & Purcell, 2000, 2008; Delery & Doty, 1996; Fombrun, Tichy & Devanna, 1984; Miles & Snow, 1984; Schuler & Jackson, 1987, 1999).

Overall, this thesis investigates the pattern of SHRM and how it has been practiced by Indonesian organizations. Factors that determine HR strategy and the HR strategy formulation process will be explored, including the role of the HR department and its people. This thesis also discusses the determinant issues that are key factors in implementing HR strategy.

This chapter provides an introduction to and overview of the thesis. The first section explains the research background, which emphasizes the rationale of why a study of SHRM was necessary within the Indonesian context. The next section provides detail information related to Indonesia including demography, social-cultural life, economy,

politic and government. More importantly this section also provides a brief picture of HRM transition within Indonesian context and this is followed by a discussion of the purpose of the study and an explanation of the significance of the study. As the study uses a grounded research methodology this is also explained briefly. Finally, the chapter concludes by providing a brief description of all chapters in the thesis.

## 1.2. Background to the Research

During recent decades significant changes have affected the world economy forcing companies to adapt to a new global economy. The underlying forces driving globalization can be classified into four drivers, namely, macroeconomic, political, technological and organizational drivers. Organizations worldwide recognize that they need to be more adaptable and flexible to compete effectively and survive in this turbulent, changing environment (Compton, 2009; Harvey, Novcevic & Kiessling, 2001; Lansbury, Koh & Suh, 2006; Zanko, 2003).

The pioneer studies by Fombrun et al. (1984) and Beer et al. (1984) identify that the global competition, the increasing size and complexity of organizations, stronger government interventions and demands for changing values in the workplace, have been changing the face of business significantly. They emphasize that the link between business strategy and HRM must be considered when determining what a HRM prototype should be. The synergy of the relationship between business strategy and HRM subsequently receive strong support through numerous studies (e.g. Ackerman,

1986; Bae & Lawler, 2000; Dyer, 1984a, 1984b; Lengnick-Hall et al., 2009; Leopold & Harris, 2009; Jackson & Schuler, 1995, 2007; Schuler, 1987a, 1987b, 1992).

The importance of business strategy shows a dramatic shift away from HR as merely an administrative role. In the strategic paradigm, people are a very important source for organizations to gain sustainable competitive advantage (Pfeffer, 1994; Prahalad, 1983; Wright, McMahan & McWilliams, 1994). HRM needs to play a strategic role in aligning the people activities with the business strategy. This is the essence of SHRM and where HRM has a central function it promotes organizational success (Golden & Ramanujam, 1985; Guest, 1990, 1992; Petterson, West, Lawthorn & Nickell, 1997; Walker, 1992; Werbel & DeMarie, 2005). The early period of the SHRM literature was dominated by the United States (US) Scholars, such as Beer et al. (1984), Dyer (1984a, 1984b), and Fombrun et al. (1984). This is not surprising because the link between strategy and HRM originated in the US. The US scholars explained that HRM needs to go beyond the functional-administrative, and adopt the more critical role of aligning and matching people with the organizations' strategies. Moreover, they also proposed a role for HRM in improving company performance and designed a model of interaction among various contextual and HRM elements to establish the link between HRM and company performance.

In the 1990s the focus of analysis for US researchers moved beyond modeling SHRM into SHRM processes and practices. Researchers focused their analysis on how HRM could be integrated with business strategy to give added value in the contribution to company performance (e.g. Becker & Gerhart, 1996; Delery & Doty, 1996; Huselid,

1995; Huselid, Jackson & Schuler, 1997; Macduffie, 1995; Youndt et al., 1996). The concept of HRM was well accepted in the US and Guest (1990: 48) suggested “HRM can be seen as the contemporary manifestation of the American dream”. In fact, another scholar Brewster (1993) doubted whether HRM could be adopted outside the border of the USA. Although SHRM was well accepted in the USA, European scholars (e.g. Brewster, 1993, 1999; Guest, 1990) raised questions about how applicable the model was in Europe. The core rationale behind this question was that European enterprises operate in a different contextual setting, with a different culture and traditions, a stronger role for the state, and need to deal with the influence of trade unions and public sector enterprises

In the second half of 1990s, European research into SHRM gained momentum and proposed a ‘new’ perspective of SHRM as embedded in various national contexts. This means that research extended beyond the internal focus prescribed by the US research to take a much broader external focus as well (Boxall & Purcell, 2000, 2003; Guest, 1997; Tyson, 1997).

Following the rigorous studies in US and UK, studies of SHRM were also conducted in other countries, such as Australia and Asia (Bowen, Galang & Pillai, 2002a, 2002b), Italy (Camuffo & Costa, 1993; Siranni, 1992), Ireland (Gunnigle & Moore, 1994), Netherland (Jaap, 1996), Spain (Saborido, Randon & Castro, 1992), and Mexico (Teagarden, Buttler & Von Glinow, 1992). This phenomenon gave new energy to HR scholars to contribute to country specific theory building of SHRM.

Although numerous studies of SHRM have been conducted the majority of these have been in western societies or developed countries, especially Europe and US. In the Asia-Pacific rim, most SHRM studies have been conducted within Australia and Japan. Few studies of SHRM have been conducted in eastern societies or developing countries; moreover there have been no apparent studies so far that provide a clear picture of SHRM within Indonesian organizations (Bennington & Habir, 2003; Gunawan & Nankervis, 2006; Habir & Larasati, 1999; Habir & Rajendran, 2007; Prijadi & Rachmawati, 2002; Singleton & Nankervis, 2007). Indonesia has some unique characteristics that present challenges for modeling SHRM practices that fit specifically to the Indonesian context. To explain these, the following section discusses the research setting.

### 1.3. Research Setting: An Overview of Indonesia

Indonesia has a large population and is a strategically located country with a very diverse, complex, and unique social-cultural life. Unfortunately, the country was not well recognized by the international community prior to the Asian crisis in 1997. This viewpoint is further stressed by Singleton and Nankervis (2007: 308) claim “there is no country of such vital strategic importance that is less understood than Indonesia”. Bennington and Habir (2003: 373) also mention that “until about 1997, Indonesia is one of the least known countries, but since that time, the country has become known for almost a continuous political and economic crisis”

Indonesia is a democratic-republic that proclaimed independence from the Japanese, who had occupied this country for 3.5 years, on the 17<sup>th</sup> August 1945. This followed 350 years of Dutch colonization. The nation's capital city is Jakarta which is located in Java Island (CIA 2010, Cribb, 1999; Wikipedia 2010). Indonesia consists of more than 17 thousand islands (about 6000 islands are inhabited), making it the world's largest archipelagic state. The five largest and most populated islands are Java, Sumatra, Kalimantan, Sulawesi, and Papua. The Indonesian archipelago lies between mainland Asia and Australia, and the Pacific and Indian oceans. This country extends 5,120 kilometers from (east to west) west to east, and 1,760 kilometers from north to south (CIA, 2010; Wikipedia, 2010).

### **1.3.1. Demographics of Indonesia**

Current reports suggest that the population of Indonesia was 234.2 million people in June 2010 (BPS, 2010). Indonesia is considered as the world's fourth most populous country after China, India, and US (CIA, 2010; Wikipedia, 2010). It also has the world's largest population of Moslems, although officially it is not an Islamic state. Six religions are officially recognized by the government: Islam, Protestantism, Roman Catholic, Hinduism, Buddhism, and Confucianism. The distribution of the religious followers is Muslim 86.1%, Protestant 5.7%, Roman Catholic 3%, Hindu 1.8%, other or unspecified 3.4% (CIA, 2010; Wikipedia, 2010). The country has more than 300 ethnic groups, each with cultural differences which have been developed over centuries and influenced by Arabic, Chinese, Malay, and European sources. The distribution of the main ethnic groups can be described as Javanese 40.6%, Sundanese 15%, Madurese 3.3%, Minangkabau 2.7%, Betawi 2.4%, Bugis 2.4%, Banten 2%, Banjar 1.7%, other or

unspecified 29.9% (CIA, 2010; Wikipedia, 2010). There are communication challenges among people in the ethnic groups, as Indonesia has around 742 different languages and dialects; however the most widely spoken language is Javanese (Bishop & McNamara, 1997; CIA, 2010). The national language is called *Bahasa Indonesia* (Singleton & Nankervis, 2007; Wikipedia, 2010).

Although Indonesian people live with a diversity of religions, ethnicity, and languages, they live under the national motto “Bhinneka Tunggal Ika” which literally means “many, yet one”, where the general meaning is “unity in diversity”. This motto was adopted from a Javanese phrase meaning “they are one, they are many” (Singleton & Nankervis, 2007; Wikipedia, 2010).

### **1.3.2. Socio-cultural of Indonesian People**

The Indonesian culture is a product of a long interaction among local customs, religious values and other foreign influences. Most Indonesians believe in the spirit (spiritualism) and are highly influenced by local culture, values and beliefs; no matter what their religion (Grant, 1996). In the very famous book ‘The Religion of Java’, Geertz (1960) emphasizes that even Santris (devout Moslems) are affected by traditional and local beliefs. This condition illustrates that local customs (Indonesians call it as *adat*), with their racial or tribal memories, are not easily released from the imagination.

From a religious perspective, Islam has a very strong influence on cultures such as Aceh, Banten, Minangkabau, and Java. Bali’s culture is highly influenced by Hinduism. Batak, Manado, and Papua’s lives are colored by Christian and Catholic influences. While



Indonesian Chinese customs are supported by Buddhist and Confucianism teachings. Indonesians modern life style is highly influenced by western cultures such as television shows, movies and songs. As a result, there is a complex configuration of indigenous-religious-western values, or this can also be seen as the influence religion-rationalism-spiritualism-and traditional values in the daily life of the Indonesian people (Geertz, 1960, 1967; Gunawan & Nankervis 2006; Grant, 1996; Hill, 1996; Kingsbury, 2005; Singleton & Nankervis, 2007, Wikipedia, 2010). It should be mentioned, however, that the educated younger generation is less influenced by spiritualism and local beliefs. Overall, Javanese culture is to be the most influential culture in Indonesia's daily life:

“Javanese life, which sets the pattern in Indonesia, especially in official circles, is disciplined by a set of ideals and stylized behavior patterns which are sophisticated as any of the great aristocratic fashions of Western civilization” (Grant, 1996: 131).

To provide a clearer picture, Kingsbury (2005) identifies the characteristics of Javanese culture as follows:

- Because of a long standing syncretism tradition, Javanese culture has been identified as having a strong spiritual base. Another consequence of this syncretism tradition, Javanese are popularly believed to be tolerant people, in that they easily accept or incorporate that which is different (p. 19).
- Javanese culture is also popularly regarded as having a high awareness of politeness and associated deference demonstrated through various forms of communication (p.19-20).
- Within the traditional Javanese context, the metaphysical was seen to form a nexus with external forms of behavior, both reflecting and enhancing each other through continuum (p.20).
- The Javanese are constrained, in particular by their political and material circumstances. The tendency to internalize anger, frustration, even happiness (though public exceptions are common) is based on the historical construction of Javanese political society, in which outward manifestations of emotions were regarded at best as uncivilized or at worst as a threat to the political status quo. This tendency towards the normative qualities of internalization, politeness, deference, and respect (p.21).
- In the traditional Javanese sense, power is neither legitimate nor illegitimate and is without moral as such. Power tends to rely on charisma and traditional authority (p.21)

In addition, Grant (1996) mentions five Javanese values that have been widely accepted by Indonesian people as Indonesian customs; they are mutual co-operation or *gotong royong*, mutual discussion or *musyawarah*, consensus or anonymous agreement or *mufakat*, harmony or *kecocokan*, and paternalism or *bapakism*. Mutual cooperation or *gotong royong* is based on the need of planting, irrigating, and harvesting when cultivating the paddy or *sawah*. The village chiefs are not elected, but they are chosen by mutual discussions or *musyawarah* which results in a consensus or *mufakat* as an expression of harmony or *kecocokan*. In daily life, the village chief has a dominant role to decide every single problem in the community, which is determined as paternalism or *bapakism* (also see Adnan & Nankervis, 2003; Gunawan & Nankervis, 2006; Singleton & Nankervis, 2007)

The complex and unique characteristics of Indonesian people are unfortunately quite often misunderstood by Westerners:

“Many Westerners feel they cannot ‘trust’ Indonesians. What an Indonesian may regard as flexibility and common sense, or proper deference, a Westerner may define dishonest or indefinite. The Indonesian will almost certainly say the Westerner’s principles are harsh and arrogant” (Grant, 1996: 130).

### **1.3.3. Economy of Indonesia**

Current data shows that the Indonesian economic profile has the following characteristics:

- Gross Domestic Product (GDP) in 2009 was estimated at US\$ 969.2 billion or around US\$ 4,000 per capita, contribution to this area from industry is 47.6%, services 37.1%, and agriculture 15.3%. Furthermore, Java Island contributes 57.8%,

Sumatra 23.6%, Kalimantan 9.5%, Sulawesi 4.4%, Bali and Nusa Tenggara 2.8%, and Maluku and Papua 1.9%.

- From year to year, the Indonesian GDP growths can have been 2005 (5.7%), 2006 (5.5%), 2007 (6.3%), 2008 (6.0%) and 2009 (4.5%).
  - The Indonesian inflation index was 2005 (17.11%), 2006 (6.60%), 2007 (6.59%), 2008 (11.06%), 2009 (2.78%), and 2010 (2.42%) (data per June 2010).
  - The value of exports in 2009 was US\$116.5 billion, imports were US\$96.8 billion.
  - The Indonesian labor force is estimated around 116 million people, and the unemployment index is 7.40% (data per February 2010).
  - The number of Indonesians living below poverty is estimated at 31.02 million people; it is around 13.33% of the nation's population (data per March 2010)
- (Data compiled from BPS, 2010; CIA, 2010; and Wikipedia, 2010)

The above portrait of the Indonesian economy shows an up and down journey, that can be divided into three stages; these are under the new order, the Asian crisis of 1997-1998, and the post Asian crisis as explained below.

Under thirty-two years of Soeharto's 'New Order' government (1965-1997), Indonesia experienced continuous economic growth. The indications of this are the growing per capita GDP from US\$70 to more than US\$1,000 by 1996; inflation was held between 5%-10%; and the exchange value of the Rupiah was stable and predictable. To maintain the economic growth, the government tightly controlled almost all aspects of Indonesian

life. There was no freedom of speech of the media and press (Basri, 2002; CIA, 2010; Prasetyantono, 2000; Sitorus & Budwar, 2003; Wikipedia, 2010).

As the financial crisis hit Asia in mid-1997, the Indonesian economy radically changed. The rupiah had fallen from Rp 2,600/US\$1 in August 1997 to Rp 11,000/US\$1 in early 1998. The rupiah was devaluated by more than 80% against the US dollar. Further negative impacts of the Asian financial crisis on Indonesia's economy were seen in consumer prices increasing dramatically, the economic growth rate declined significantly from an average of 8% to 0.6% during 1997-2002; many (local) companies went bankrupt or collapsed, exports declined, there were significant increases in the unemployment level and poverty, and many multi national companies withdrew their staff and operations. Furthermore, these difficult situations provoked massive demonstrations and social riots, especially in the cities. There was growing dissatisfaction with Soeharto's authoritarian leadership, especially from students. As a result, Soeharto stood down from the presidency and named vice president Habibie as his successor. It can be said, Indonesia's financial crisis triggered multiple crises in the economy, society, and politics (e.g. Basri, 2002; Eichengreen, 2004; Kim & Haque, 2002; McCawley, 2004; Pincus & Ramli, 1998; Prasetyantono, 2000; Tayeb, 1997).

Moving beyond difficult this crisis, economic, social and political reformation became the priority of the government's policies. The Indonesian government set up a series of economic and institutional reforms including, "prudent macro economic management, the restructure of the banking sector, the resolution of corporate debts issues, promoting good governance, addressing the social impact, and maintaining political stability"

(Tayeb, 1997: 1). The implementation of these agendas, in tandem with success in maintaining political and social dynamics, had brought Indonesia back to the right track which was indicated in economic growth around 6%, manageable inflation under 10%, increased exports, and reduced poverty and unemployment (BPS, 2010; Gunawan & Nankervis, 2006; Manning & Roesyad, 2006; Singleton & Nankervis, 2007).

More recently, Indonesia has become a quite stable economy that was little affected by the 2009 global economic crisis and it is now considered a growth nation. This can be seen clearly in the following extracts:

“Indonesia, a vast polyglot nation, has weathered the global financial crisis relatively smoothly because of its heavy reliance on domestic consumption as the driver of economic growth. Although the economy slowed significantly from the 6%-plus growth rate recorded in 2007 and 2008, expanding at 4% in the first half of 2009, Indonesia outperformed its regional neighbors and joined China and India as the only G20 members posting growth during the crisis” (CIA, 2010: 8).

“The unemployment rate in February 2007 was 9.75%. Despite a slowing global economy, Indonesia’s economic growth accelerated to a ten-year high of 6.3 percent in 2007. This growth rate was sufficient to reduce poverty from 17.8 to 16.6 percent based on the Government’s poverty line and reversed the recent trend towards jobless growth, with unemployment falling to 8.46 percent in February 2008. Unlike many of its more export-dependent neighbors, it has managed to skirt the recession, helped by strong domestic demand (which makes up about two-thirds of the economy) and a government fiscal stimulus package of about 1.4 percent of GDP, announced earlier this year. After India and China, Indonesia is currently the third fastest growing economy in the Group of Twenty (G20) industrialized and developing economies” (Wikipedia, 2010: 2).

#### **1.3.4. Politics and Government in Indonesia**

The economic crisis that lead to the resignation of Soeharto, albeit under pressure, has significantly contributed to the changes in Indonesia’s political and government system, which is widely known as the reformation. Habibie, as the caretaker president, introduced liberal political policies including withdrawing the restrictive press laws and

granting permission to release new media, political prisoners, and new political parties and removing the military from political roles (Emmerson, 1999; Kim & Haque, 2002; Liddle, 1999; Shiraisi, 2001). Since this change, a more democratic environment has arisen in Indonesian society. Since then Indonesian presidents have been elected democratically; they are in succession order Abdurrahman Wahid, Megawati Soekarno Putri, and Susilo Bambang Yudhoyono.

The first freely held general election after forty years was conducted in June 1999. This general election resulted in a parliament that progressively made constitutional reform. These changes were continued by the parliament that was elected in 2004. The major reformations in political and government structures were:

- Establishing a Regional Representative Council (DPD), which together with the Council of People's Representative (DPR) acts as the People's Consultative Assembly (MPR).
- Abolishing the Supreme Advisory Council (DPA).
- Establishing a Constitutional Court (MK) and Judicial Commission (KY).
- The president is to be elected directly by the Indonesian people, and must have at 51% supporters. Prior to 2004, presidents were chosen by the People's Consultative Assembly (MPR).
- The president serves a maximum of two consecutive five-year terms.
- The president has the flexibility to appoint a council of ministers, who might not be members of the elected legislature.
- The freedom to release new political parties.

- The addition of ten entirely new articles concerning human rights.
- The representation of the armed forces and police in the People's Representative Council ended in the 2004 election, while their representation in the People's Consultative Assembly ended in 2009.
- Military domination of regional administration is gradually breaking down.
- Active-duty officers are prohibited from holding political offices.

(Ghoshal, 2004; Shiraishi, 2000; Sitorus & Budwar, 2003; Tan, 2006; Wikipedia, 2010)

As fundamental political changes have been achieved, it is not surprising that these periods (1999 and 2004) are viewed as the turning point of the Indonesian political system, from an authoritarian military regime to a democratic nation (Ghosal, 2004; Singleton & Nankervis, 2007; Tan, 2006). Nowadays, Indonesian people are living in a more free and democratic nation; president, parliament and other commissioned members are elected by a free and transparent process.

Now, people also have the right to speak out and join organizations freely. Nonetheless, there are still problems, among the most crucial and serious are corruption, collusion and nepotism (Indonesia, *KKN: Korupsi, Kolusi dan Nepotisme*). The Indonesian corruption index is 2.8 and ranked number 111 from 180 internationally (Transparency International, 2009). While the Corruption Eradication Commission (Indonesia, *KPK: Komisi Pemberantasan Korupsi*) has been working very hard (Habir & Rajendran, 2007), unfortunately, there are many corruption cases that have not been solved yet as

many elite political members and senior government staff are involved. As Transparency International highlights:

“Indonesia still has a long way to go to eradicate corruption but the recent tough approach by the Corruption Eradication Commission (KPK) is encouraging. The KPK has reported a 100 percent conviction rate for corruption cases involving some of the country's highest-ranking officials. A crucial task for the new administration is to continue support of the KPK. The local anti-corruption advocate must ensure that this agency is not weakened” (Transparency International, 2009: 2).

In terms of an administrative government, a significant change has also been achieved by Indonesia. Since the enactment of Law Number 22 in 1999 regarding Local Government, the local governments have more authority to administer their own regions; however, foreign politics, defense, the legal system and monetary policy remain the domain of the national government. Furthermore, since 2005 heads of the local government has been elected directly by people in their own region (see such as Guess, 2005; Seymour & Turner, 2002; Wikipedia 2010).

#### 1.4. HRM in Indonesia

Managing Indonesian people is not easy because of the complex cultural, geographical, historical, ethnic, religious, economic, political and administrative systems. Singleton and Nankervis (2007: 341) proposed an interesting question about HRM: “how do Indonesian companies organize these activities?” in such a diverse nation. This question refers to the three HR activities; first, HR planning, recruitment and retrenchment; second, orientation, development, and training; and third, performance appraisal, career development and industrial relations. They suggest the answer will vary depending on the type of company. Some large companies are likely to adopt international HRM



practices, whereas smaller companies will tend to manage their people by using an ad hoc approach.

Historically HRM has not played an important management role in Indonesian organizations. HRM is considered a personnel function, which merely plays a traditional-administrative role (Habir & Larasati, 1999; Habir & Rajendran, 2007). For example Budiharjo's study (1996) cited in Habir and Larasati (1999: 1) identified that:

“Human resource management, however, has historically not had an important role in Indonesian management. It has traditionally been regarded as personnel function, almost totally administrative in orientation. Even in this capacity, human resource management is not regarded highly. A survey undertaken in 1995 showed managers' perceptions of the human resource audits, human resource development and planning, employee orientation, and salary system of their companies were negative”.

Habir and Larasati (1999) analyzed three leading Indonesian companies and their study indicates a changing orientation for HRM in Indonesia, which is more strategic and focused on how HRM strategies and processes align with the business imperatives. The three leading companies in their study (Sinar Mas Group, Astra group, and PT Rekayasa Indonesia) provide considerable evidence that modern HRM practices can be successfully integrated with complex Indonesian social, cultural, economic and political dynamic by innovative and charismatic business leadership (also see Singleton & Nankervis, 2007).

Another study was conducted by the high reputation management magazine SWA in 2006. This study reported that forty-nine major companies, comprised of eleven state enterprises and thirty-eight Indonesian private companies, showed a growing orientation

toward managing their people more strategically. These organizations believed that employees were not merely production factors, but were human capital to be developed to provide the best contribution and value to the organization (SWA, 2006).

Indonesian HRM scholars (e.g. Gunawan & Nankervis, 2006; Habir & Rajendran, 2007; Singleton & Nankervis, 2007) strongly agree that following the impact of globalization and the recovery from the financial crisis of the late 1990's, there has been a growing awareness among Indonesian companies, especially big companies, that they need to pay more attention to implementing HRM strategically to achieve organizational goals (also see Budiharjo, 1996; Ciptono, 1998; Rhodes, Walsh & Lok, 2008). This paradigm shift for Indonesian HRM is illustrated by Habir and Rejendran:

“Nevertheless, since the 1997 crisis, business organization have moved towards improvements in their HRM system; currently, personnel departments are known as HR department and personnel managers are re-designated as HR managers. More companies are adopting strategic HR by highlighting the role of HR departments in their annual reports. Some companies have set up HR committees at the governance level, in line with good corporate governance practices. These developments indicate a growing realization of the importance of HRM in Indonesia today” (2007: 30-31).

Because of the dynamic and environmental setting, the complexity and paradox of the society, and as the response to globalization, SHRM practices need to make continuing adjustments if they are to be appropriate to Indonesian's needs. Unfortunately, little attention has been given to studying HRM practices in Indonesia, even though a number have studied HRM in other developing countries across Asia and the Asia-Pacific (see such as Budwar & Debrah, 2001; Kidd, Li & Richter, 2001, Roley, 1998). There is also

a considerable lack of English language literature as is borne out in this following comment:

“Despite the major issues facing this country and the significant international concern about its future, reports on HRM are limited mostly to labor economics and macro-level human resource development. The English language journals have included articles on the developing countries in Europe, Africa, and Asia (countries such as Hong Kong, China, Singapore, Korea, Japan, and India), but surprisingly little has been reported on Indonesia. Even Industrial relation book on Asian and East Asian countries have failed to provide chapter Indonesia. Similarly, the Teagarden/Von Glinow research consortium, which has included Indonesia as one of the target countries, has not yet reported significantly” (Bennington & Habir, 2003: 374).

Given the limited articles and research, more consideration and attention to studies about HRM within the Indonesian context are warranted. This call is not only related to the complex setting of Indonesian life, but to the global impact. The dynamic or even contradictory interactions that exist among internal and external aspects of HRM within the Indonesian context are considered an interesting opportunity for study (Bennington & Habir, 2003; Budiharjo, 1996; Ciptono, 1998; Gunawan & Nankervis, 2006; Habir & Larasati, 1999; Habir & Rajendran, 2007; Huo, Huang & Naphier, 2002, Jackson, 2002; Rhodes et al., 2008; Singleton & Nankervis, 2007).

### 1.5. The Purpose of the Study

This study aims to investigate SHRM practice within Indonesia and seeks to develop an understanding of the operational links between HRM and business or organizational strategy. The fundamental question guiding this study is; “How do Indonesian organizations link their HR strategy to organizational or business strategy”. Within this broad question, the following issues will be explored:

1. What are the common approaches to SHRM employed by Indonesian organizations?
  - a. How do organizations link HR strategy to organizational strategy?
  - b. What factors determine HR strategy and how do those factors influence HR strategy?
2. What is the role of HRM and HRM practitioners in Indonesian organizations?

This includes the following sub-questions:

  - a. What role do HR managers play to link HRM and the organization's strategy and how do they play this role?
  - b. What is the role of HR managers in strategy formulation and strategic decision-making and how do they play this role?
3. How do Indonesian organizations implement HR strategy? This question raises the following issues:
  - a. Which organizational factors do managers associate as credible precursors of human resource strategy?
  - b. What factors do human resource managers associate with the successful implementation of human resource strategy and how do these factors influence SHRM in practices?

## 1.6. The Significance of the Study

This study is significant for a number of reasons. Firstly, Indonesian companies are currently viewed as having a cheap and dispensable labor supply; however, increases in the standard of living locally, followed by the increasing minimum wage, the stronger

role of local government and labor unions, global exposure and competition demands, are causing a shift that warrants a more strategic focus. So far, the link between strategy and human resource management in Indonesia appears to have excited little interest from researchers. It seems pertinent to question if western practices or models are being applied in the Indonesian business context and if so, whether such practices are transferable and appropriate in such a politically, economically, culturally and socially different setting.

Secondly, understanding the role human resources play in Indonesian organizations will allow a much greater understanding of the factors influencing the success of strategic human resource formulation and implementation. It is important to know whether western models may be adapted or applied within the Indonesian context, or indeed if they are even being adopted. If they are not, there is also a possibility that Indonesian organizations have been developing and implementing their own strategic human resource models. Understanding which factors are being utilized offers not only a significant contribution to our knowledge of the strategy – human resource link, but will also have significant implications for SHRM practice in Indonesia.

### 1.7. The Overview of Methodology

As described earlier, there is a considerable lack of references related to HRM studies in Indonesia and so the extent of SHRM practice and uptake is unclear (Bennington & Habir, 2003; Gunawan & Nankervis, 2006; Habir & Larasati, 1999; Habir & Rajendran, 2007; Prijadi & Rachmawati, 2002; Singleton & Nankervis, 2007). Based on this

rationale the most suitable methodology for this study is a grounded research approach. This is because this methodology best suits phenomena that are not well understood or have not been studied before (Charmaz, 2000; Glaser & Strauss, 1967; Lee, 1999; Strauss & Corbin, 1994, 1998).

Under the grounded research approach, data are collected using theoretical sampling (Charmaz, 2000, 2006; Creswell, 2003; Glaser, 1992, 1995a, 1995b, 1998; Glaser & Strauss, 1969; Patton, 2000; Strauss, 1987; Strauss & Corbin, 1998). The basic concept underlying theoretical sampling is to collect data continuously so that all emerging issues are captured and a saturation point is reached. In theoretical sampling, the number in the sample is not necessarily counted and the data collection continues until no more categories or new information arises.

This study collected data from sixty-three HR managers across four type of industries (hotel, hospital, textile, and agriculture), from eight cities in different states or provinces in Indonesia; these were Solo in Central Java, Yogyakarta in the Special Territory of Yogyakarta, Jakarta in the Indonesian Capital Territory, Denpasar in Bali, Padang in West Sumatra, Medan in North Sumatra, Banjarmasin in South Kalimantan, and Makassar in South Sulawesi. The locations of these cities can be seen in figure 1.1.

Two phases of interviews were used. Open-ended semi-structured interviews were developed based on information gathered from preliminary open ended unstructured questions. The unstructured interviews provided information on the approaches to SHRM, the role of the HR department in strategic decision-making and the determinants

of HR strategy implementation. The open-ended semi-structure questions allow interviewees to express their knowledge and experiences so that a wide range of interrelated issues and multi dimensional features common to a complex problem can be captured. This method provides guidance to the interviewer to ensure that interviews keep on track to investigate the variables related to the subject being studied, yet allows the richness of relevant data to be obtained.

Figure 1.1: The Distribution of Interviews Location



**Legend:**

- |  |                               |
|--|-------------------------------|
| 02: Medan (South Sumatra)                        | 05: Padang (West Sumatra)     |
| 12: Jakarta (Indonesian Capital Territory)       | 14: Solo (Central Java)       |
| 15: Yogyakarta (Special Territory of Yogyakarta) | 17: Denpasar (Bali)           |
| 23: Banjarmasin (South Kalimantan)               | 28: Makassar (South Sulawesi) |

Based on the interviews, data was transcribed from ‘voice recordings’ into ‘writing’ to be analyzed. The audacity software program was employed during transcription to control the tempo of interviews, so the dialogue could be captured clearly and completely. Data was analyzed using the coding procedure described by Strauss and Corbin (1998). In brief, the data analysis procedure consisted of five main stages: (1) Open Coding: which is the analytical process where concepts are identified and their properties and dimensions are discovered; (2) Axial Coding: the process relating categories to their sub categories and linking categories with related properties and dimensions; (3) Selective Coding: the process of integrating and refining the theory; (4) Conditional Matrix: this elucidates the social, historical and economic conditions influencing the central phenomenon; and finally (5) the last process is to develop theoretical propositions.

## 1.8. An Overview of the Thesis Structure

This thesis is presented over five chapters. Chapter one introduces the thesis and explains the background, purpose, significance, and methodology of the study. These topics provide fundamental arguments on what the study is about, why the study is needed, how the study will be conducted and the benefits it will bring. The chapter also provides an overview of research to date about HRM practices in Indonesia and an overview of the demographic, cultural and political environment in Indonesia to provide a deeper understanding of the country where the study is conducted and some of the challenges that SHRM practitioners face.



Chapter two discusses the literature related to SHRM and starts with a description of the paradigm shift occurring in HRM, from an administrative role to a more strategic role. Various approaches to SHRM from key HR scholars are presented. The roles of the HR department and its people in strategy formulation and decision making are explored. This chapter also discusses other factors associated with successful implementation of HR strategy.

Chapter three explains the research design that guides each stage of the study. The rationale behind the choice of research design, the paradigm, ontology, epistemology, methodology and method for this thesis are clarified. The interview, transcription and data coding processes used are described. This chapter concludes with a presentation of importance of trustworthiness and ethical conduct, and how this was employed throughout the study.

Chapter four presents the research findings. Three main topics have emerged from the research field and these are explained; they encompass the approaches to SHRM, the role of HRM in the organization, and the determinants of HR strategy implementation. In terms of approaches to SHRM, the findings related to best practice and best fit approaches are described. In relation to the role of HRM the study provides two findings, these being that HRM adopts either a two-way or integrative role. The successful implementation of HR strategy was found to depend on the credibility of the HR strategy, organizational support, and the role taken by the HR department and its people.

Chapter five provides a discussion based on the research findings presented in chapter four. In this chapter, the dialectic between the literature and research findings are discussed to clarify how and where SHRM is positioned in the Indonesian context and existing SHRM literature. This chapter also provides a discussion that explains the specific prototype of SHRM that has emerged within manufacturing and services industries in Indonesia. Next, the conclusions, recommendations, and limitations of the study are discussed. Directions for further study of SHRM within the Indonesian context are also presented to conclude the thesis.

## 1.9. Conclusion

This chapter has introduced and presented the rationale for the research. The changing business climate of recent decades and the implication this has for SHRM, particularly within Indonesia were presented. The purpose of the research was described, followed by a justification of the contribution this research makes. The little that is known from research into HRM in Indonesia has also been described briefly, to provide a context for the study. This chapter also provides a brief description of the methodology and structure of the thesis. The next chapter explores the literature in relation to the evolution of SHRM.

## CHAPTER II

### LITERATURE REVIEW

#### 2.1. Introduction

This chapter covers the relevant literature related to Strategic Human Resource Management (SHRM). This consists of five main topics; the evolution of Human Resource management (HRM), the theoretical foundation of SHRM, the approaches to SHRM, the role of HRM and its people, and the implementation of HR strategy.

The first section describes HRM development from the past to the present. Four different scenarios of HRM development are presented to illustrate how HRM scholars determine the stages of HRM from different perspectives. The discussion also covers the transition of personnel management to HRM. The second section discusses various schools of thought on the SHRM and how these developed from the Harvard and Michigan models. The more recent theoretical frameworks proposed by Wright and McMahan (1992) show how SHRM can be viewed from four different perspectives, namely from a resource-based view, a behavioral view, as a cybernetics system, and as an agency/transaction cost.

The next section of this chapter presents more in-depth discussions about the main issues relating to SHRM and debates the contradictions between the best practice and best fit approaches as well as discussing the alternative configurational approach. The various roles SHRM can adopt in practice, from the perspective of an administrative to a

strategic partner are considered. The involvement of HR people in strategic decision making and the implications of this are also discussed more comprehensively. Finally, the literature review on SHRM concludes with a discussion of the factors associated with successful HR strategy implementation. A summary is provided at the end of the chapter.

## 2.2. The Evolution of HRM

There are many different perspectives, among HRM scholars when describing the route the HRM movement has taken from the past to the present. However, it can be said that the main discussions lie in the transition from personnel management to HRM. Schuler and Jackson (1999) claim that the evolution of HRM can be divided into two stages only; the first from personnel management to HRM, and the second from HRM to SHRM. Other scholars (e.g. Baird & Meshoulam, 1984; Ehrlich, 1997; Langbert, 2002; Langbert & Friedman, 2002; Nankervis, Compton, & Baird, 2008; Torrington, 1989) provide other perspectives on this route of evolution, that are also useful to re-trace the development of HRM.

Baird and Meshoulam (1984) identify the development of HRM by characterizing certain HR activities as representing each stage of the development. These five stages allow for various HR practices, depending on the requirements of the organization. The five stages range from basic HR, functional growth, controlled growth, functional integration, through to cross-functional integration. The complete stages and their characteristics can be seen in table 2.1.

Table 2.1: Five Stages of HRM

Stage	Characteristics
1. Basics	Focusing on paying, hiring and firing people
2. Functional Growth	<ul style="list-style-type: none"> <li>• Have programs for recruitment, compensation and benefits, affirmative action, labor relations, training and development, etc.</li> <li>• Lack line in management involvement</li> </ul>
3. Controlled Growth	<ul style="list-style-type: none"> <li>• HR programs and activities being evaluated</li> <li>• HR programs are focused on the organization's needs</li> <li>• Line managers are aware of the HR programs</li> <li>• Programs are often specialized and decentralized</li> </ul>
4. Functional Integration	<ul style="list-style-type: none"> <li>• HR programs are integrated</li> <li>• Programs are related to problems areas rather than specialized functions</li> <li>• Involved in organizational development, productivity improvement, change and planning</li> </ul>
5. Cross-Functional Integration	<ul style="list-style-type: none"> <li>• HR programs are fully integrated into the plans; and activities of other corporate areas such as marketing, finance, production, etc.</li> <li>• Line managers become the driving force behind HR programs</li> <li>• Corporate HR function responsible for development, policy and strategy</li> <li>• A total evaluation system determines the effectiveness of HR practices</li> </ul>
Source: Baird & Meshoulam, 1984.	

From another perspective, Torrington (1989) describes that a major shift of direction in the HRM development is moving away from the traditional of personnel management on conciliation, propitiation, and need to motivate employees as a potentially uncooperative cost, to seeing employees as a benefit. The new direction of HRM is that people need less goading and supervision, but should be given more scope and autonomy; people should not be seen as a cost, but as an asset in which to invest to add their inherent value. Torrington (1989) provides six main stages of evolution from the nineteenth

century to the present that track this development. The first stage was the social reformer, next was the acolyte of benevolence, then the humane bureaucrat, followed by the consensus negotiator, the organization man, and the manpower analyst.

The social reformer is characterized by early reformers such as Lord Shaftesbury and Robert Owen who criticized employer behaviors in the industrial revolution, in an era where organizational work caused degradation to human life. Accordingly, the attention of some reformers can be determined as the earliest stage of people management. The second stage, referred to as the acolyte of benevolence, was manifest by welfare officers whose role was to dispense benefits, such as sick pay and housing subsidies to deserving and unfortunate employees. The third stage, the humane bureaucrat, was defined by the personnel manager learning to manage people within a bureaucracy as the result of increasing organizational size and specialization of work. Many of the technologies of personnel were developed in this period. This era was strongly influenced by the scientific management (Taylor, 1911), the human relations movement (Mayo, 1933), and administrative management (Fayol, 1949).

The fourth stage, the consensus negotiator, featured the expertise of personnel managers in bargaining skills. This phenomenon was the result of the stronger position of labor unions as employee representatives of in bargaining with employers on some matters. The fifth stage, the organization man stage is identified by the changing focus of personnel specialists from dealing with the rank-and-file of employees on behalf of management, to dealing with the management and integration of management activities. The last stage, manpower analyst, is characterized by the employment of manpower

planning. The basic idea of manpower planning is how to manage different concerns among human bureaucracies, trade unions, technological changes, and forecasting the future so it will be in harmony with the changes. Manpower planning has an essential role to ensure the closest possible fit between the number of people and skills required and what is available.

Another way of categorizing the history of HRM was used by Langbert (2002) and Langbert and Friedman (2002), who suggest there have been four broad periods: pre-industrial, paternalist, bureaucratic and high performance era. The “Pre-industrial” period occurred between the seventeenth to eighteenth centuries. This was a period of inequality, inflexibility, and misalignment. A servant and slave treaty was employed and physical punishment was legally sanctioned. The “Paternalist period” of the late eighteenth to early twentieth century was an era characterized by the expansion of markets and industrialization. Due to rapid economic growth and political shifts, flexibility was enhanced through the growth of employment, the abolition of slavery (free labor ideology), and the early development of modern management practices, such as incentive plans.

Next was the “Bureaucratic period”, leading up to and after the First World War. In this era, management experts, labor unions, economists, and reformers pressured companies to reform the low quality practices that had come from the earlier paternalistic period. The early evolution of modern personnel department saw the increasing practices of job analysis, job evaluation, job classification, employee selection techniques, and training and development. In this period, unionization was becoming more common as a

representation of labor power in interactions within industries. The “High Performance period” saw the growth of a free market ideology. In this highly competitive environment, organizations work hard to use their resources, including HR, to gain high performance. This period is also characterized by numerous managerial experiments to improve engagement, such as organizational citizenship, an empowered workforce, customer focus, commitment, and motivation. Accordingly, this era is learning through experimentation. To adapt to this situation, a wide range of HR techniques have been developed to meet goals of flexibility and alignment.

Based on Australian HRM practices, Nankervis et al. (2008) divide the development of HRM into four stages. Stage one, 1990-1940s was about welfare and administration. Personnel management practices were performed by supervisors, line managers, and early specialists. In stage two, the 1940s – mid-1970s HRM extended to include welfare, administration, staffing and training (personnel management and industrial relations). This stage was the beginning of a specialist and more professional approach to personnel management. Stage three, was the mid-1970s to late 1990s which saw the transition from HRM to SHRM. Personnel management was becoming HRM as can be seen in the integration of the personnel function to a strategic role and more focus on overall organization effectiveness. Stage four, refers to the 21<sup>st</sup> century, or SHRM in the new millennium. The earlier concepts of HRM and the role of HR professional need to be strategic and change for the knowledge era.

Ehrlich (1997), using the term ‘changing scripts’ explains that HRM was originally created as an employment function and the responsibilities of HR were to deal with



employee legislation and achieve effective employee management. In this early stage, HRM related to administrative functions to provide control, compliance, and consistency. However, over time HRM has been influenced by behavioral researchers, the rise of the service industry, global competition, the importance of knowledge workers, and a proliferation of legislation; therefore HRM needs to be more flexible, resourceful, and creative. Nowadays, HRM is continuously dealing with a dynamic and changing business environment.

To anticipate the future, Ehrlich (1997: 87) emphasizes that the ability of HR staff to adapt and contribute will be enhanced if they focus on six principles; (1) the HR strategy must be anchored to business strategy, (2) HRM is not about a program, it is about relationships, (3) the HR department must be known as a group that anticipates change and understands what is necessary to implement it, (4) HR should be an outspoken advocate of employee interests, yet must understand that business decisions have to balance a range of often conflicting factors, (5) the effectiveness of HR depends on it staying focused on issues, rather than personalities, and (6) HR executives must accept that constant learning and skill enhancement are essential to their ability to contribute to the business.

### **2.2.1. The Origins of HRM**

HRM has a very long history. Leopold and Harris (2009) and Leopold et al. (2005) explain that the nature of HRM can be illustrated by examining how a prehistoric family group distributed jobs among members to survive and to get a better life in the early stages of human civilization. This required supervision in the family, the need for

hunting skills, notions of knowledge (such as the location for wild crops), leadership (in the family, group, and tribe). In simple words, the basic principles of HRM are intuitive and were informally adopted into human society a long time ago. Although the very basic principles of HRM have been implemented for a long time, many HRM scholars (e.g. Anthony, Perrewe, & Kacmar, 2005; Bach, 2005; Bamberger & Meshoulam, 2000; Beardwell & Claydon, 2007; Hartel et al., 2007; Nankervis et al., 2008; Reilly & Williams, 2006) tend to agree that the origins of HRM lie within the early stages of industrialization. The traditional concept of personnel management can be traced to after the First World War and is allied to 'the welfare capitalism tradition' (also see Barley & Kunda, 1992; Foulkes, 1980; Jacoby, 1997).

The welfare tradition is basically concerned with the basic needs of employees. This appears an ideological opposition to unionization and collective employment relations (Foulkes, 1980; Jacoby, 1997), as the concept emphasizes that organizations should provide adequate security and welfare for workers. This would aid production so that absence and grievances problem can be controlled. Based on Frederick Taylor's 1920s 'welfare secretary' concept; personnel management was grounded in 'Taylorism' principles. This emerging paradigm of industrial psychology was viewed as a possible solution for worker inefficiency and worker unrest (Barley & Kunda, 1992). 'Taylorism' emphasized the importance of matching individuals and jobs, and ensuring fair pay, thus this approach to personnel primarily had a problem solving technical focus.

Later developments in personnel maintained this problem focused approach. Shifts in managerial thought and discourse about managing people at work meant new functions and technologies were added (Barley & Kunda, 1992). During the 1930s-1950s at the height of the human relations movement, personnel management activities focused on management development (as a conflict avoidance mechanism), collective bargaining, industrial due process, and labor management collaboration. In the 1960s and 1970s, personnel management led to an upsurge in operational research and systems rationalization. During this stage, personnel management offered new technical services in the field of work redesign, job evaluation, personnel needs forecasting and planning, as well as performance appraisal system design, yet overall it maintained an administrative role.

### **2.2.2. From Personnel Management to HRM**

Guest (1987) identifies six factors relating to the transition from personnel management to HRM, (1) the search for competitive advantage through better utilization of HR, (2) models of excellence, (3) the failure of personnel management in promoting the potential benefits of effective management of people, (4) the decline in trade union pressure, (5) changes in the workforce and the nature of work with better education and the demand of more flexible jobs, and (6) the availability of new models. These six factors, individually or together, have motivated scholars and practitioners to promote and adopt new and better models for managing people.

To demonstrate the key differences between personnel management and HRM, Guest (1987) provides a comparison model that can be seen in table 2.2.

Table 2.2: Stereotypes of Personnel Management and HRM

	Personnel Management	HRM
Time and planning perspective	Short-term, reactive, ad, hoc, marginal	Long-term, proactive, strategic, integrated
Psychological contract	Compliance	Commitment
Control system	External control	Self control
Employee relation perspective	Pluralist, collective, low trust	Unitarist, individual, high trust
Preferred structures/systems	Bureaucratic/mechanistic, centralist, formal defined roles	Organic, devolved, flexible roles
Roles	Specialist/professional	Largely integrated into line management
Evaluation criteria	Cost-minimization	Maximum utilization (human asset accounting)
Source: Guest, 1987: 507.		

Contrasting the characteristics in this table shows that HRM provides clearer direction for managing people. However, Guest (1987) warns this just a generalization:

“Implicit in the contrasting stereotype is an assumption that human resource management is “better”. However this fails to take account of variations in context which might limit its effectiveness. For example in public service bureaucracies conventional personnel management might more successfully contribute to the achievement of organizational goals” (Guest, 1987: 508).

Although there is considerable evidence that HRM is distinctive from personnel management, Guest (1987) identifies three different ways to operationalize this, (1) simply re-title personnel management with HRM without changing the roles and contents, (2) use HRM to re-conceptualize and re-organize the roles of personnel and

describing the new role of the personnel department, and finally (3) offering a new approach to manage people.

Legge (1995) suggests the transition from personnel to HRM falls into three criteria: (1) a shift of focus from human resource processes and procedures to the development of HR and development skills for managers and their teams. (2) HRM operates proactively with a focus on developing core business, not merely supporting it, and (3) HRM will generate an emphasis on defining and shaping organizational culture.

Moreover, Legge (1995) analyses the similarities and differences between personnel and HRM. As a result, he identifies four fundamental similarities, which are, an emphasis on the importance of integration, linking employee development with organizational goals and achievements, ensuring the principle of the right people in the right job, and distributing people management to line managers. In a study, he found three differences between personnel and HRM: (1) the focus of activity: personnel management activities are performed on subordinates by manager, while HRM pays more attention to the management of managers; (2) the role of line managers: ones role is the implementation of personnel procedures whereas in HRM they are responsible for devising and driving a business oriented HR strategy; (3) perception about organizational culture: culture is a central element in HRM models but not in personnel management models.

More comparatively, Beardwell and Claydon (2007) based on the work of Beer and Spector (1985), Guest (1987), and Storey (1992) provides a four categories to determine

between personnel management and HRM, namely planning, people management, employment relations, structure, and role perspective (see table 2.3).

Table 2.3: Perspectives of Personnel Management and HRM

	<b>Personnel Management</b>	<b>HRM</b>
<b><i>Planning Perspective:</i></b> Beer & Spector, 1985  Guest, 1987  Storey, 1992	Reactive Piecemeal interventions in response to specific problem  Short-term, reactive, ad hoc, marginal  Piecemeal initiatives Marginal to corporate plan	Proactive System-wide interventions with emphasis on fit  Long-term, proactive, strategic, integrated  Integrated initiatives Central to corporate plan
<b><i>People management perspective:</i></b> Beer & Spector, 1985  Guest, 1987  Storey, 1992	People as variable cost  Cost minimization  Compliance  Monitoring Mutually	People are social capital capable of development  Maximum utilization (human asset accounting) Commitment  Nurturing ‘can-do’ outlook
<b><i>Employment relations perspective:</i></b> Beer & Spector, 1985  Guest, 1987  Storey, 1992	Self interest dominates; conflict of interest between stakeholders Seeks power advantages for bargaining and confrontation  Pluralist, collective, low trust  Pluralist Institutionalized conflict Collective bargaining contracts	Coincidence of interest between stakeholders can be developed Seeks power equalization for trust and collaboration  Unitarist, individual, high trust  Unitarist Conflict de-emphasized Towards individual contracts
To be continued in the next page.		

Table 2.3 continued

	Personnel Management	HRM
<b><i>Structure/systems perspective:</i></b> Beer & Spector, 1985	Control from top Control of information flow to enhance efficiency, power	Participation and informed choice Open channels of communication to build trust and commitment
Guest, 1987	Bureaucratic/mechanistic Centralized, formal, defines roles External controls	Organic Devolved, flexible roles Self-control
Storey, 1992	Procedures High standardization Restricted flow of communication	Business need Low standardization Increased flow of communication
<b><i>Role perspective:</i></b> Guest, 1987	Specialist/professional	Largely integrated into line management
Storey, 1992	Personnel/IR specialist	General/business/line managers
Source: Beardwell & Claydon, 2007: 13		

### 2.2.2. The SHRM Era

As suggested by Schuler and Jackson (1999), the most recent transition is the shifting from HRM to SHRM. This transition was influenced by the upsurge of globalization during the 1980's, when HRM moved from an 'administrative' to 'strategic' paradigm (Boxall & Purcell, 2008; Bamberger & Meshoulam, 2000; Beer et, al., 1984; Fombrun et al., 1984; Lundy, 1994; Truss & Gratton, 1994). In the 1980s HRM changed dramatically in response to global competition and demands for both cost-efficiency and quality. In this strategic paradigm people are considered an important source of sustainable competitive advantage (Pfeffer, 1994; Wright, McMahan, & McWilliams, 1994; Prahalad, 1983). This was driven by the need to go beyond the functional-administrative role to a more critical role of aligning and matching people with the

organizations' strategies. This is the essence of SHRM, and in this way, HRM has a central function in gaining organizational success (Armstrong, 2009; Fombrun et al. 1984; Golden & Ramanujam, 1985; Guest, 1990; Kepes & Delery, 2007; Petterson et al., 1997; Walker, 1992). Bach (2005) provides an excellent picture of the transition of HRM to the new HRM as can be seen in table 2.4.

Table 2.4: Emergent Directions in HR Practice: From HRM to the New HRM

<b>Dimension</b>	<b>HRM</b>	<b>The New HRM</b>
<b><i>Context:</i></b> Internationalization	Product market competition Focus on attracting capital investment Managers as heroes	Globalization Focus on attracting labor investment (migration) Managers as villains
Legal Goals	Strengthen management prerogatives	Enhance competitiveness
Methods	Restrictive labor law	Re-regulation and legal compliance
Employment Relations	Union exclusion	Shallow partnership
Organizational	Single employer	Multi employer: networks
<b><i>HR Practice:</i></b> Values	Commitment/loyalty	Engagement
Focus of HR Practice	Job	Person
Orientation	Employer	Customer/brand
Source: Bach, 2005: 29		



### 2.3. The Foundation of SHRM

SHRM is defined as the linking of HR functions with business (organizational) strategy in order to improve business performance and develop an organizational culture that fosters innovation and flexibility (Lengnick-Hall et al., 2009; Truss & Gratton, 1994; Tyson, 1997). More detail is provided in the following two definitions:

“Strategic human resource management is largely about integration and adaptation. Its concern is to ensure that: (1) human resource management (HR) is fully integrated with the strategic needs of the firm; (2) HR policies cohere both across policy areas and across hierarchies; (3) HR practices are adjusted, accepted, and used by line managers and employees as part of their everyday work” (Schuler, 1992: 18).

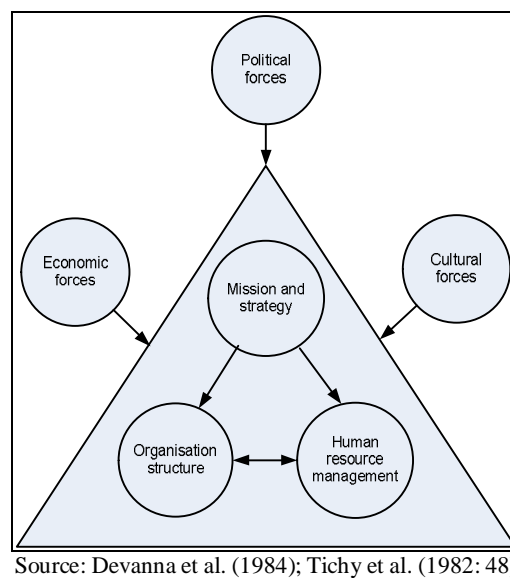
“We can thus most usefully define an organization’s human resourcing strategy as the general direction followed by an organization in how it secures, develop, retains and, from time to time, dispenses with the human resources it requires to carry out work tasks in a way that ensure that it continues successfully into the long term. And, thus ‘strategic human resourcing’ is to be understood as the establishing of principles and the shaping of practices whereby the human resources which an organization, seen as a corporate whole, requires to carry out work task that enable it to continue successfully in the long term” (Leopold et al., 2005: 21).

According to Guest (1989), the key difference between HRM and strategic HRM is how organizations integrate strategic decisions into the HRM policies and practices to cope with the environment. In the strategic HRM perspective, employees are considered a strategic resource that should be employed collectively with other resources (e.g. patents, reputation) to enhance organizational success (Barney, 1991).

There is a general consensus that studies from Michigan Business School (Devanna et al., 1984; Fombrun et. al., 1984; Tichy et al., 1982) and Harvard Business School (Beer et al., 1984) were the pioneers of SHRM study. The Michigan model emphasizes the necessity of a tight fit between business strategy, organizational structure and HRM, and

acknowledges these are also influenced by economic, political, and cultural forces. The model underlines the deployment of HRM is to achieve business objectives. Accordingly, this model recognizes that various styles in managing people depend on the organizational context and assumes that everyone in the organization should have the same orientation with the purpose of achieving organizational goals (see figure 2.1).

Figure 2.1: The Matching/ Michigan's Model of HRM



Tichy et al. (1982) provide an excellent illustration of how to achieve the fit among business strategy, organizational structure, and HRM in table 2.5

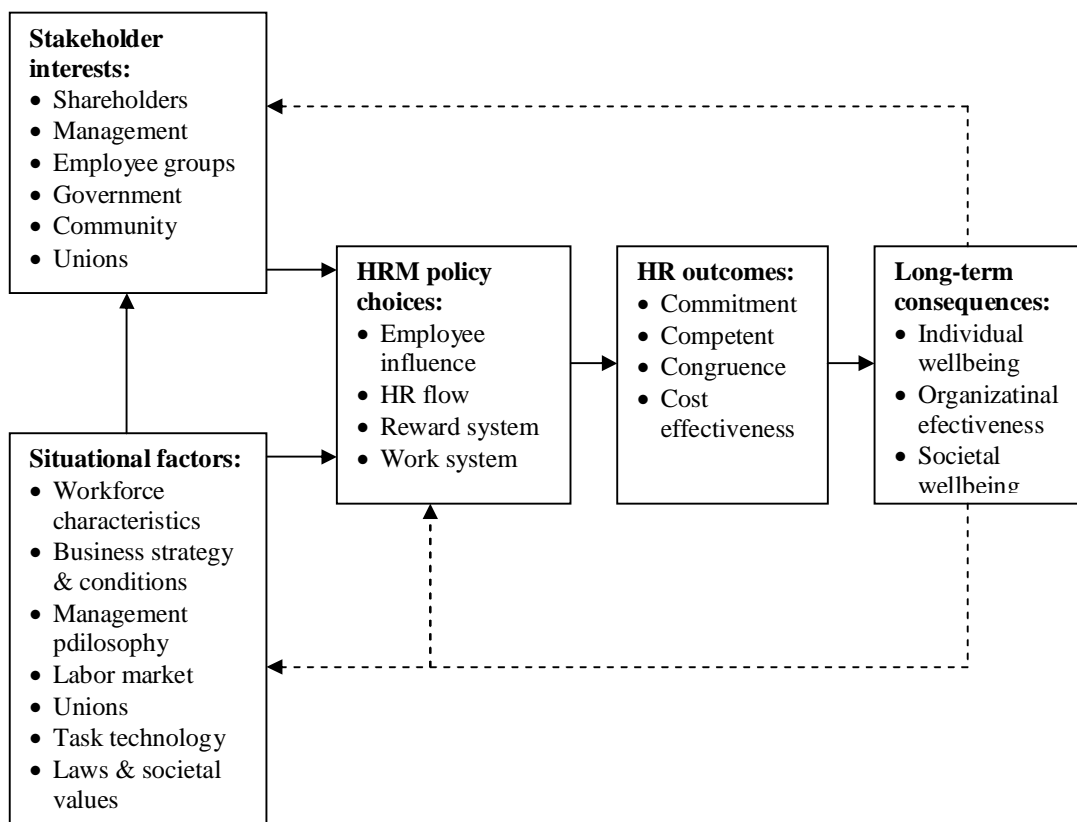
Table 2.5: HRM Links to Strategy and Structure

Strategy	Structure	HRM			
		Selection	Appraisal	Rewards	Development
<i>Single Product</i>	Functional	Functional oriented: subjective criteria used	Subjective measure via personal contact	Unsystematic and allocate in paternalistic manner	Unsystematic largely through job experiences: single function focus
<i>Single Product (Vertically Integrated)</i>	Functional	Functional oriented: standardized criteria used	Interpersonal based on cost & productivity data	Related to performance & productivity	Functional specialists with some generalists; largely through job rotation
<i>Growth by Acquisition (holding company of unrelated business)</i>	Separate, self contained business	Functionally oriented, but vary from business to business	Interpersonal: based on return on investment & profitability	Formula-based & includes return on investment & profitability	Cross-functional but not cross-business
<i>Related of Diversification of Product Lines through Internal Growth &amp; Acquisition</i>	Multidivisional	Functionally & generalist oriented: systematic criteria used	Interpersonal: based on return on investment productivity, & subjective assessment of contribution to overall company	Large bonuses: based on profitability & subjective assessment of contribution to overall company	Cross functional, cross divisional, & cross corporate: formal
<i>Multiple Products in Multiple Countries</i>	Global orientation (Geographic center & world-wide)	Functionally and generalist oriented: systematic criteria used	Interpersonal: based on multiple goals such return on investment, profit tailored to product & country	Bonuses: based on multiple planned goals with moderate top management discretion	Cross divisional & cross subsidiary to corporate: formal & systematic
Source: Tichy et al. (1982: 49)					

The second foundation model of SHRM, the Harvard model, recognizes that HRM is influenced by a wide range of stakeholder interests and contextual factors. The

interaction between these factors allow the organization to identify the most suitable HRM policy choices, such as those relate to employee involvement, HR flow (including recruitment and selection, training and development, and performance management), reward systems, and work systems. This process illustrates that HR activities need to be integrated with the broader organizational strategy. The outcome of implementing HR policies is organizational commitment, competence, congruence, and cost effectiveness that return long-term consequences for individuals, enterprises and society. A more complete diagram of the Harvard model of HRM can be seen in figure 2.2.

Figure2.2: The Harvard's Model of HRM

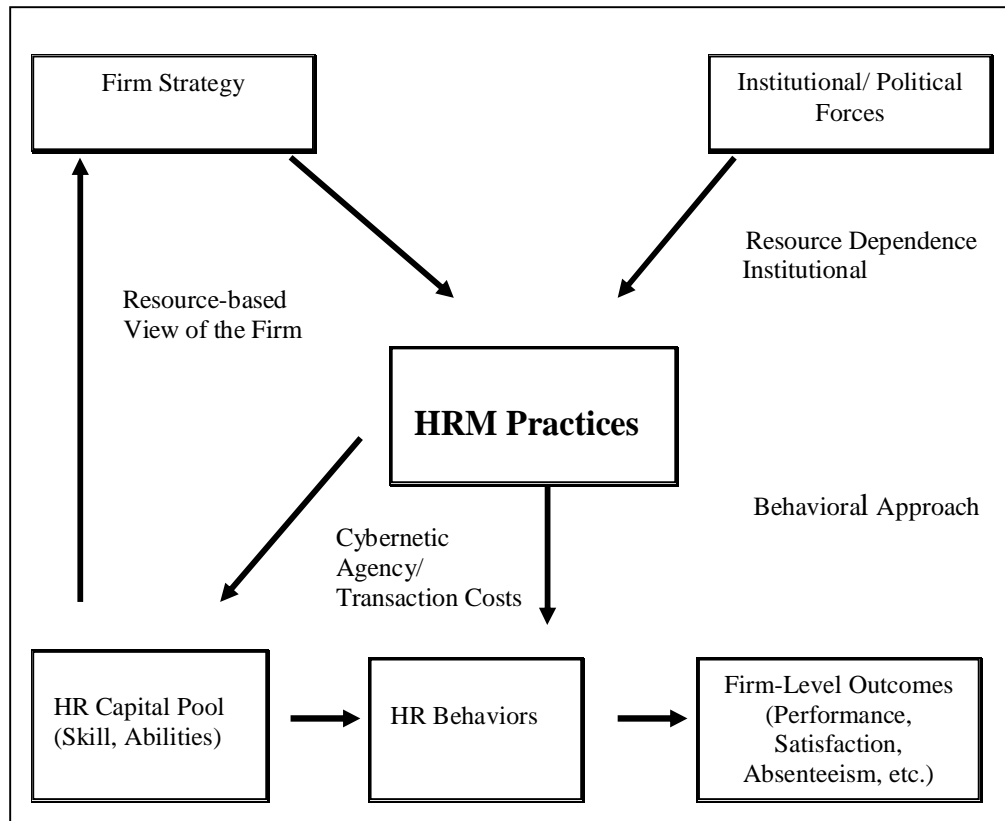


Source: Beer et al. (1984: 16)

To provide a more comprehensive view of the conceptual foundation of SHRM, Wright and McMahan (1992: 298) define SHRM as “the pattern of planned human resource deployment and activities intended to enable an organization to achieve its goals”. Based on this definition, they proposed a theoretical framework of SHRM which can be viewed from four different perspectives (also see De Cieri & Kramar, 2003). These four different perspectives are: (1) the resource-based view, which focuses on how HRM is able to provide competitive advantage; (2) the behavioral view, which assumes that HRM is designed to control and influence attitudes and behaviors (the contingency approach); (3) the cybernetics system, which emphasizes the adoption of HRM practices resulting from feedback on contributions to strategy; and (4) the agency or transaction cost view, that underlines the role of HRM as a control system.

Wright and McMahan (1992) mention that HRM also can be viewed from non-strategic perspectives; these are resource dependence and power theories, and institutional theory. The resource dependent and power theories relate to power and political influences in HRM, such as legislation and unionization. While institutional theory mentions the existence of organizational inertia in HRM practices, rather than rational decision making. The illustration of Wrights and McMahan’s theoretical model of HRM can be seen in figure 2.3

Figure 2.3: A Theoretical Framework of SHRM



Source: Wright & Mc Mahan (1992: 299)

## 2.4. The Approaches into SHRM

HR scholars (e.g. Armstrong, 2009; Boxall & Purcell, 2000, 2008; Purcell, 1999; Youndt et al., 1996) see two underlying approaches to determining SHRM; they are best practice or universal, and best fit or contingency approaches. Other HR scholars (e.g. Baird & Meshoulam, 1988; Delery & Doty, 1996; Doty & Glick, 1994; Lengnick-Hall et al., 2009; Ostroff & Bowen, 2000; Martin-Alcazar, 2005) also mention another domain in the configurational approach. These three are accepted as the most well known approaches for formulating SHRM.

The basic idea of best practice is universalism; this means there is a general pattern that can be adopted for managing human resources. The best fit school argues that HR strategy will be more effective when it is appropriately integrated with its surrounding context, especially the business strategy. It means that different business strategies will need different HR strategies. The core assumption of the configurational model is that successful HR strategy relies on the business strategy to take account of external factors, but is also adapted to the internal environment. There are particular combinations sets of mutually reinforcing factors that have greater affect than the sum of individual effects.

#### **2.4.1. The Best Practice or Universalistic Approach**

The best practice approach to managing people is based on Universalist principles that assume some HRM practices are appropriate for all organizations (Armstrong, 2009; Boxall & Purcell, 2008; Huselid, 1995; Osterman, 1994; Pfeffer, 1994, 1998; Telpstra & Rozell, 1993). This means there is a universal prescription or ‘one best way’ or a general pattern that can be adopted by various organizations to manage their people, regardless of the organizations circumstances (Bolman & Deal, 1997). This model has received considerable support in the literature, as can be seen in the summary of authors supporting this model, shown in table 2.6

Table 2.6: The Supporters of the Best Practice Approach

<i>Pioneers of Best Practice:</i> <ul style="list-style-type: none"> <li>• Eilbert (1959)</li> <li>• Crichton (1968)</li> </ul>	
<i>Most Cited Best Practice Models:</i> <ul style="list-style-type: none"> <li>• Appelbaum et al. (2000): High Performance Work Systems (HPWS)</li> <li>• Delery &amp; Doty's (1996): Strategic HR Practices</li> <li>• Ostermans (1994): Innovative Work Practices</li> <li>• Pfefers' (1998): 7 Management Practices</li> <li>• Wood (1996): High Commitment Management (HCM)</li> </ul>	
Supporters	
Appelbaum et al. (2000) Armstrong (2000, 2009) Aydinli (2010) Becker & Gerhart (1996) Becker & Huselid (1998) Bolman & Deal (1997) Borman (1991) Boselie et al. (2005) Brewster et al. (2004) Carr & Pudelko (2006) Combs et al. (2006) d'Arcimoles (1997) Datta et al. (2005) Delery & Doty (1996) Dyer & Reeves (1995) Farias & Varma (1998) Gerhart & Milkovich (1990) Ghong et al. (2010) Gooderham et al. (2004) Gould-Williams & Mohamed (2010) Guerrero & Barraud-Didier (2004) Guest (1997) Guthrie (2001)	Guthrie et al. (2002) Huselid (1995) Ichniowski et al. (1997) Lee et al. (2010) Legge (1995, 2001) MacDuffie (1995) Mayrhofer et al. (2004) McGaughey & De Cieri (1999) O'Reilly & Pfeffer (2000) Osterman (1994) Paauwe & Boselie (2005) Petterson et al. (1997) Pfeffer (1994, 1998) Razouk & Bayad (2010) Russel et al. (1985) Stavroua et al. (2010) Storey (1992) Sun et al. (2007) Telpstra & Rozell (1993) Vanhala et al. (2006) Varma et al. (1999) Wood (1996) Youndt et al. (1996)
Note: some the best practice supporters also become the best fit supporters because they found both approaches in their studies.	

Rzouk & Bayad (2010) describe HRM practices are considered as assets behind the development of certain organizational competencies; consequently HRM practices



significantly contribute to defining organizational or corporate strategy. Whereas Hamel and Prahalad (1994) emphasize organizations should be able to define their core competency; therefore d'Arcimoles (1997), Pfeffer (1998), Guerrero and Barraud-Didier (2004), and O'Reilly and Pfeffer (2000) suggest HRM best practices can also be classified as a competitive advantage of the organizations.

The belief in universalistic principles or a best practice approach in managing people is supported by considerable empirical researches. Gould-Williams & Mohamed (2010: 654) state “with reference to the universal versus contingent approach, it appears that there is more empirical evidence in support of the universal or ‘best practice’ approach”.

Although there is no definitive list of practices in the best practice approach (Boselie et al., 2005; Boxall & Purcell, 2008; Paauwe & Boselie, 2005), however there is a considerable similarity among scholars that HR practices should promote autonomy, commitment and opportunities to participate especially through team-working (Appelbaum et al., 2000; Armstrong, 2009; Ichniowski et al. 1997; MacDuffie, 1995). Scholars in this school (e.g. Appelbaum et al., 2000; Delery & Doty, 1996; Pfeffer, 1994, 1998; Osterman, 1994; Wood, 1996) propose a general practice of HRM, as summarized by Youndt et al. (1996: 839):

“At their root, most (models)... focus on enhancing the skill base of employees through HR activities such as selective staffing, comprehensive training, and broad developmental efforts like job rotation and cross-utilization. Further, (they) tend to promote empowerment, participate problem solving, and teamwork with job redesign, group-based incentives, and a transition from hourly to salaried compensation for production workers”.

Studies of the best practice approach have a very long tradition in the HRM literature (Armstrong, 2009; Boxall & Purcell, 2000). In the early stages, studies focused their analyses on individual work practices such as selection, training and appraisal. Eilbert (1959) and Crichton (1968) were pioneers of this school of thought. Their study emphasized that organizations should find the best practice, for officer selection, training and motivation to improve their performance.

The discipline of industrial psychology played a significant role in this era as the focus moved to individual work practices. Industrial psychologists play a significant role in analyzing many aspects of human behavior to predict and develop human performance. Studies have produced many categorizations of what constitutes 'bad', 'stupid' 'good' or 'recommended' practices for managing people. Although not all agree, the best practice approach is widespread and acknowledged among researchers and practitioners (Delery & Dotty, 1996; Youndt et al. 1996).

Improvement to the best practice approach has led to a more comprehensive model. This complies with the request of more complexity when dealing with multiple problems in the HR area. The result is an enormous variety in the number and types of model or system of best practice that are suitable for different organizations and different situations (Becker & Gerhart 1996). On the other hand the universalistic approach merely focuses on certain HRM practices to increase employees' ability; such as rigorous recruitment and selection (Telpstra & Rozell, 1993), comprehensive training (Russel et al., 1985), comprehensive performance appraisal (Borman, 1991), variable

compensation (Gerhart & Milkovich, 1990), and commitment, participation and job redesign (Youndt et al., 1996).

The universalistic or best practice HRM model most frequently cited in the literature on SHRM are Ostermans' (1994) 'Innovative work practices', Pfeffer's (1994 & 1998) '16 management practices', Wood's (1996) 'high commitment management' models, Delery & Doty's (1996) strategic HR practices, and Appelbaum's (2000) high performance work systems (HPWS). Based upon Dertouzos et al. (1989) and the Cuomo Commission report (1988); Osterman (1994) conducted a study to examine the incidence of innovative work practices (teams, job rotation, quality circles, and total quality management) and investigate what variables were associated with the adoption of these practices. This study confirmed a number of variables were positively associated with the adoption of flexible work practices; they were international competition, a high skill technology, worker-oriented values, and a high-road strategy (emphasizing service, quality, and variety of products rather than low costs). Osterman (1994), moreover, proposed a set of HRM practices to underwrite the adoption of flexible work systems, these consist of innovative pay systems, extensive training, and efforts to induce greater commitment.

Based on the assumption that there is a certain set of HR best practices, Pfeffer (1994) recommends 16 management practices to achieve higher productivity and profit. These 16 management practices are: employment security, selectivity in recruiting, high wages, incentive pay, employee ownership, information sharing, participation and empowerment, teams and job redesign, training and skill development, cross-utilization

and cross-training, symbolic egalitarianism, wage compression, promotion from within, a long-term perspective, measurement of practices, and an overarching philosophy. By implementing these prescriptions, Pfeffer (1994) strongly believes that the competitive advantage of the organization through people can be achieved and organizational performance can be promoted. Later, Pfeffer (1998: 64-65) re-conceptualized these to a simpler formula which called as Pfeffer's seven practices for a successful organization, this includes (1) employment security, (2) selective hiring of new personnel, (3) self-managed teams and decentralization of decision making as the basic principles of organizational design, (4) comparative high compensation contingent on organizational performance, (5) extensive training, (6) reduced status distinctions and barriers, (including dress, language, office arrangements) and wage differentials across levels, and (7) extensive sharing of financial and performance information throughout the organization.

Another popular best practice model is Wood's (1996) High Commitment Management (HCM) which basically draws upon Beer et al. (1984), Guest's (1987), Walton's (1985) and Wood and Albanese's (1995) works. Walton (1985) and Beer et al. (1984) recognize that a high commitment strategy is necessary to adopt team working and flexible job descriptions. Whereas Guest (1987) assumes that behavior is predominantly self-regulated rather than controlled by sanctions and external pressure, Wood and Albanese (1995) and Wood (1996) contend that HCM is associated with certain HRM practices, including team work, functional flexibility, and employee involvement. More comprehensively Woods (1996: 59-60) universalist model of HCM has fourteen steps; these include (1) trainability as a major selection criterion, (2) commitment as a major

selection criterion, (3) career ladders and progression as an objective for all employees, (4) the predominant work system is formally designated team working, (5) quality circle that meet regularly, (6) training budgets that are set with at least a two years financial horizon, (7) an explicit policy for designing jobs to ensure the full use of workers' skills and abilities, (8) production workers are responsible for their own quality, (9) a system of regularly planned team, or cascade, briefings which extend down to the shop-floor even if it involves stopping the production line, (10) flexible job descriptions which are not linked to one specific task, (11) a policy of no compulsory redundancy, (12) formal assessments for production workers on an annual or bi-annual basis, (13) the use of temporary staff with the primary purpose being to protect the security of the core workforce, and not to meets fluctuation in demand, and (14) single status terms and conditions of employment.

Delery and Doty (1996) also prescribe seven strategic HR practices which are consistently considered as universal HRM practices, they are, internal career opportunities, providing extensive training opportunities, result-oriented appraisal or performance-based compensation, employment security, employee voice, job descriptions are tightly and clearly defined, and profit sharing. Employing these universal HRM practices allow organizations to achieve organizational performance as they are, "theoretically or empirically related to overall organizational performance" (Delery & Doty, 1996: 805).

More recently and becoming more widespread in discussions about best practice is the term 'High Performance Work Systems' or HPWS (Armstrong, 2009). A HPWS is "a

system of HR practices designed to enhance employees' skills, commitment, and productivity in such a way that employees become a source of sustainable competitive advantage" (Datta et al., 2005: 136). A HPWS is also about having an internally consistent and coherent HRM system that is focused on solving operational problems and implementing the firm's competitive strategy (Becker & Huselid, 1998). More operationally, they mention three main characteristics of an HPWS; they are linking selection and promotion; providing support for the skill demanded; and enacting compensation and performance management to attract, retain and motivate high-performance employees. While, Armstrong (2009: 233) summarizes HPWS as having three underpinning themes, including:

1. An open and creative culture that is people-centered and inclusive, where decision taking is communicated and shared through the organization.
2. Investment in people through education and training, loyalty, inclusiveness, and flexible working.
3. Measurable performance outcomes such as benchmarking and setting targets, as well as innovation through process and best practice.

A recent study from Ghong et al. (2010) describes HPWS are positively related to collective organizational citizenship behaviour (OCB) through collective affective commitment. Many studies report that HPWS have many different positive impacts on performance, whereas, Combs et al. (2006) simply conclude that the HPWS is positively related to various indicators of organizational performance.

According to Armstrong (2009) a widely cited understanding of HPWS is based on the work of Appelbaum et al. (2000). This basically draws on five main HR practices; work is organized to permit front line workers to participate in decision that alter

organizational routines; workers require more skills to do their job successfully, and many of these skills are firm-specific; workers experience greater autonomy over their job tasks and methods of works; incentive pay motivates workers to extend extra effort on developing skills; and employment security provides front-line workers with a long-term stake in the company and a reason to invest in its future

Strong support for the universal approach was also found in recent studies by Gould-Williams and Mohamed (2010) who analyzed the effects of 'best practice' HRM on worker outcomes in local government Malaysia and England., and Aydinli's (2010) comparative study of HRM between Hungary and Turkey. Furthermore, these studies strengthened the assumption that a general formula of HRM can be implemented across industries and across nations, in international HRM this is considered a convergent approach (also see Boselie, 2005; Carr & Pudelko 2006; McGaughey & De Cieri 1999; Paauwe & Boselie, 2005; Vanhala et al., 2006).

The convergent approach, is derived from Max Weber's theory of bureaucracy and rationalization (Gooderham et al., 2004). The convergence followers believe that market forces give rise to the similarities of managing people (or HRM) in organizations across different countries (Mayrhofer et al., 2004). In other words, the convergent approach views, HRM as becoming more uniform as business becomes more global (Aidinly, 2010; Gooderham et al., 2004) as companies in different countries adopt similar organizational structures, processes, and practices. They argue, moreover, that the issues faced by managers throughout the world are similar, thus managements' response and practices will also be similar.

Armstrong (2000) emphasizes that implementing a general pattern of HR leads to superior organizational performance, which is why Becker and Gerhart (1996) describe best practice and HPWS as HR methods and systems that have universal, additive, and positive effects on organizational performance. This view is highly supported by Huselid (1995) who emphasizes that HPWS result in high-level organizational outcomes, but not necessarily outcomes resulting from a particular strategy. Organizations that practice comprehensive recruitment and selection procedures, extensive employee involvement and training, and formal performance appraisals are likely to have a lower employee turnover, higher productivity and enhance financial performance. Other studies from Delery and Doty (1996), Lee (2010), and Pfeffer (1994, 1998) also support this point of view.

More specifically, many studies provide strong support for HPWS having a significant impact on performance. Appelbaum et al. (2000) found that HPWS produces strong positive effects on both organizational and individual performance. Organizational performance has significant increase on financial performance, production efficiency, and product quality. Although related to individual issues HPWS enhance employees' trust, intrinsic reward, organizational commitment, and job satisfaction (also see Armstrong, 2009; Sun et al., 2007).

HPWS has a significant impact on operational and financial performance (Farias, 1998). It creates a positive culture and positively influences how work should be designed and improves communication processes within organizations (Varma et al., 1999). This



meant the HPWS has implications for enhancing employee retention (Guthrie, 2001) and positively associated with performance in firms competing on the basis of differentiation (Guthrie et al., 2002).

Pfeffer (1998: 34) underlines that "the effects of high performance management practices are real, economically significant and general and thus should be adopted by organizations". In other words it is claimed that the performance effects of best practice HRM are universal (Pfeffer 1994, 1998; Huselid 1995; Delery and Doty 1996).

Although the best practice approach has considerable support, this approach is also criticized from different perspectives in the literature. Becker and Gerhart (1996), Dyer and Reeves (1995), Youndt et al. (1996) argue for varying desirable practices. Marchington and Grugulis (2000) claim the best practice model lacks the collective issues of work organization, such as an employee voice. Legge (2001) and Purcell (1999) found that, in reality, a vast number of organizations across industries have not chosen best practice as an approach to manage their people.

From the resource based view, Purcell (1999) argues that organizations should cultivate their (exclusive) resources, including intangible assets such as human resources, to promote their overall model and to be better than their competitors. Further, he argues that there is an inconsistency between a belief in best practice and the resource-based view. In the extreme view, it can be said that every single organizations has different resources (including human), and therefore they should not be managed in the same way.

The contingency school has also criticized best practice, as Becker et al. (1997) remarks: “organizational high-performance work systems are highly idiosyncratic and must be tailored carefully to each firm’s individual situation to achieve optimum results”.

Cappelli and Crocker-Hefter (1996: 12) also mention:

“There are examples in virtually every industry of firms that have very distinctive management practices. We argue that these distinctive human resource practices help to create unique competencies that differentiate products and services and, in turn, drive competitiveness.... Distinctive human resources practices shape the core competencies that determine how firm compete.”

Another criticism from Boxall and Purcell (2008) encompasses to national, sectoral and organizational context. The reality of labors laws, cultural practices and management style vary from country to country (Appelbaum & Batt, 1994; Wever, 1995) and the interaction between these and HRM practices cannot be avoided. Basically, there is no universal prescription of HRM practices that should be employed in each different context. In terms of sector and organizational contexts (also see Gittleman et al., 1998; Weinsten & Kochan, 1995) Boxall and Purcell (2008: 88) explain,

“Research on what do –descriptive research- makes life very difficult for the more extreme advocates of best practice. It demonstrates that methods of labour management are inevitably influenced by context, including range of economic and socio-political factors. And it also shows that there are very good reasons for adaptation to context including the needs to fit in with social values and to adapt to industry characteristic”.

#### **2.4.2. The Best Fit Approach**

In contrast to the universalistic or best practice approach, the best fit approach adopts a contingency approach, which focuses on the fit to the surrounding context, especially the

business strategy (e.g. Baird & Meshoulam, 1988; Boxall & Purcell, 2000, 2008; Wright et al., 2001). This linkage between strategy and HRM has received extensive attention from contingency school of thought and the extensive support for this approach can be seen in the list of supporting authors shown in Table 2.7 below. The contingency approach also claims that the impact of SHRM practices depend on contextual variables as well as strategy (e.g. Jackson & Schuler, 2007; Roehling 2009; Wright & Snell, 1998). Sisson and Storey (2000) links these contextual to business strategy and HRM fit into three areas. The first links HRM to different stages in the business life cycle; the second relates HRM to different strategies or structural configurations; whereas, the third links HRM to different business strategies.

Linking HRM to different stages in the business life cycle makes a link between HR policy choices and the varying requirements of the firm at different stages of its life cycle, such as, start up, growth, maturity, and decline. In each stage, a business will have different priorities that require different HRM strategies (Baird & Meshoulam, 1988; Milliman et al., 1991; Schuler & Jackson, 2007). Linking HRM to different strategy and structure configurations focuses the analysis on the choice of appropriate HRM strategies for these. Fombrun et al. (1984) emphasize that the choice of HRM strategy, such as, selection, appraisal, rewards, and development should differ and be appropriately matched to the needs of specific configurations of structure and strategy (also see Baron & Kreps, 1999; Ulrich et al., 2010). For example, a single product business with a functional structure will have quite different requirements to a diversified multi-product organization operating globally. Matching business strategy and HRM analyses the link between HRM choices and the different types of business

strategy. Drawn from Porter's model (1985), this approach argues that HRM is only strategic if it fits with the organization's product market strategy and is proactive in this regard. The popular examples of this approach are studies from Miles and Snow (1984) and Schuler & Jackson (1987).

Table 2.7: The Supporters of the Best Fit Approach

<i>Pioneers of Best Fit:</i>	
<ul style="list-style-type: none"> <li>• Beer et al. (1984): The Harvard's Model of SHRM</li> <li>• Fombrun et al. (1984): The Michigan's Model of SHRM</li> </ul>	
<i>Most cited 'business strategy and HRM relationship' model:</i>	
<ul style="list-style-type: none"> <li>• Miles &amp; Snow (1984)</li> <li>• Schuler &amp; Jackson (1987)</li> </ul>	
Supporters of Best Fit	
Ackerman (1986) Andersen (2007) Armstrong (2009) Arthur & Hendry (1990) Aycan (2005) Baird & Meshoulam (1988) Balkin & Bannister (1993) Bannet et al. (1998) Baron & Kreps (1999) Bartlett et al. (2002) Becker & Gerhart (1996) Bhattacharya et al. (2005) Bowen & Lawler (1992) Boxall (2003) Boxall & Purcell (2000, 2008) Budhwar & Sparrow (2002) Budwar & Debrah (2001) Buller (1988) Burns & Stalker (1994) Chow (2004) Coates (1987) Coates (2009) Collins & Smith (2006) Compton (2009)	Daft (1998) Delery & Doty (1996) Delery (1998) DiMaggio & Powell (1983) Dyer (1984) Dyer & Holder (1988) Erickson (2009) Godard & Delaney (2000) Golden & Ramanujam (1985) Gooderham et al. (2004) Gospel & Pendleton (2003) Hitt et al. (2001) Hofstede (1980, 1991, 2001a, 2001b) Hofstede & Hofstede (2004) Ignjatovic & Sveltic (2003) Jackson (2002) Jackson & Schuler (1992, 1995, 2000, 2007) Jackson, et al. (1989) Jones (1984) Kalleberg et al. (2006) Kanter (1989) Ketkar & Sett (2010) Kintana et al. (2006)

To be continued on the next page.

Table 2.7 continued.

Supporters of Best Fit	
Kochan & Barocci (1985) Lansbury et al. (2006) Lawler (1995) Lawler et al. (1993) Lawler & Galbraith (1995) Lengnick-Hall & Lengnick-Hall (1988) Lengnick-Hall et al. (2009) Leopold & Harris (2009) Lepak et al. (2004, 2006) Lepak & Snell (1999) Lundy (1994) Lundy & Cowling (2000, 1996) Mayrhofer et al. (2004) McKinlay & Starkey (1992) Miles & Snow (1984) Milliman et al. (1991) Nankervis et al. (2008) Ostroff & Bowen (2000) Paauwe & Bosolie (2003, 2007) Patrickson & Hartmann (2001) Perrow (1986) Pfeffer & Cohen (1984) Pfeffer & Davis-Blake (1987) Pfeffer & Langton (1988) Pudelko (2005, 2006) Pugh & Hickson (1976) Purcell (1995, 1999)	Roehling, et al. (2009) Rubery & Grimshaw (2003) Schuler (1987a, 1987b, 1992) Schuler & Jackson (1987, 1999) Schuler et al. (2000) Schuler & Walker (1990) Selznick (1996) Sisson & Storey (2000) Sparrow & Hiltrop (1994) Stavrou et al. (2010) Storey (2009) Tayeb (1998) Tissen et al. (2010) Trompenaars (1993) Trompenaars & Hampden-Turner (1998, 2000) Ulrich et al. (2010) Walker (1980, 1988) Warner (1984) Whitley (2000). Wils (1984) Woodward (1994) Wright & McMahan (1992) Wright & Snell (1998) Wright et al. (1994, 1995, 1997, 1998, 2001) Youndt et al. (1996) Zanko (2003)
Note: some supporters of best fit are also listed as supporters of best practice, because they found both approaches in their studies.	

According to Boxall and Purcell (2008) the best fit model is most concerned with achieving external fit and the addressing the flow-on implications for internal fit. Moreover the most influential factor is an organization (business) strategy rather than an alignment to the organization's stage of development. In this sense, matching business

(organization) strategy and HR strategy is the core idea of the best fit model as well as, the essence of strategic HR.

It is not surprising that organizational strategy is a 'key' factor for the formulation of HR strategy. Pioneering studies by Fombrun et al. (1984) and Beer et al. (1984) found support for linking business strategy and human resource management. The synergy of this relationship has subsequently received strong support through numerous studies. Dyer (1984: 161) says: "organizational strategy is the major determinant of organizational HR strategy". From a study of twenty-two different strategic business units of a single corporation, Wils (1984) again identified business strategy as the strongest predictor of HR strategy. Applying Miles and Snow's (1984) typology of business strategy, Ackerman (1986) also found a similar result.

Miles and Snow (1984) propose three groups of strategic behaviours, namely defender, prospector and analyzer. The defender strategy relates to organizations that have narrow and relatively stable product markets. The prospector strategy continually searches for product and market opportunities and regularly experiments with potential responses to emerging environmental trends. The analyzer strategy operates in two types of product markets in a relatively stable or changing environment. Based on these three strategies, Miles and Snow (1984) recommend the most suitable HR system for each strategy (see table 2.8). This table recommends different business strategies is need different rules for managing people.

Table 2.8: Business Strategies and HR System

Human Resource (HR) Management System	Business Strategy		
	Type A (Defender)	Type B (Prospector)	Type AB (Analyzer)
Basic Strategy	Building HR	Acquiring HR	Allocating HR
Recruitment, Selection, and placement	<ul style="list-style-type: none"> <li>• Emphasis: “make”</li> <li>• Little recruiting above entry level</li> <li>• Selection based on weeding out undesirable employees</li> </ul>	<ul style="list-style-type: none"> <li>• Emphasis: “buy”</li> <li>• Sophisticated recruiting at all levels</li> <li>• Selection may involve pre-employment psychological testing</li> </ul>	<ul style="list-style-type: none"> <li>• Emphasis: “make” and “buy”</li> <li>• Mixed recruiting and selection approach</li> </ul>
Staff Planning, Training and development	<ul style="list-style-type: none"> <li>• Formal, extensive</li> <li>• Skill building</li> <li>• Extensive training program</li> </ul>	<ul style="list-style-type: none"> <li>• Informal, limited</li> <li>• Skill identification and acquisition</li> <li>• Limited training programs</li> </ul>	<ul style="list-style-type: none"> <li>• Formal, extensive</li> <li>• Skill building and acquisition</li> <li>• Extensive training program</li> <li>• Limited outside recruitment</li> </ul>
Performance appraisal	<ul style="list-style-type: none"> <li>• Process-oriented procedure (for example, based on critical incidents or productions target)</li> <li>• Identification of training needs</li> <li>• Individual/group performance evaluations</li> <li>• Time series comparisons (for example, previous years’ performance)</li> </ul>	<ul style="list-style-type: none"> <li>• Result-oriented procedure (for example, management by objectives or profit targets)</li> <li>• Identification of staffing needs</li> <li>• Division/corporate performance evaluation</li> <li>• Cross-sectional comparisons (for example, other companies during same period)</li> </ul>	<ul style="list-style-type: none"> <li>• Mostly process-oriented procedure</li> <li>• Identification of training and staffing needs</li> <li>• Individual/group/division performance evaluation</li> <li>• Mostly time series, some cross sectional comparisons</li> </ul>
Compensation	<ul style="list-style-type: none"> <li>• Oriented toward position in organization hierarchy</li> <li>• Internal consistency</li> <li>• Total compensation heavily oriented toward cash and driven by superior/subordinate differentials</li> </ul>	<ul style="list-style-type: none"> <li>• Oriented toward performance</li> <li>• External competitiveness</li> <li>• Total compensation heavily oriented toward incentives and driven by recruitment needs</li> </ul>	<ul style="list-style-type: none"> <li>• Mostly oriented toward hierarchy, some performance considerations</li> <li>• Internal consistency and external competitiveness</li> <li>• Cash and incentive compensation</li> </ul>
Source: Miles and Snow, 1984: 49			

Based on Porter's (1980, 1985) generic strategies, Schuler and Jackson (1987) define the three business strategy differently, these strategies are innovation, quality enhancement and cost reduction. The innovation strategy focuses on developing products or services different from competitors. The quality enhancement strategy focuses on enhancing products and/or services quality. The cost reduction strategy focuses on gaining competitive advantage by being the lowest cost producer. Moreover, they emphasize that each strategy type requires different types of employee role behaviors. Further, once behaviors that fit the strategy have been identified, HR practices should be employed to ensure these behaviors work. Thus Schuler and Jackson's (1987) model takes a behavioral approach SHRM. The alignment between business strategy, employee role behaviors and HRM choices in the Schuler and Jackson (1987) model of SHRM can be seen in table 2.9.

Table 2.9: Business Strategy and HRM Choices

Strategy	Employee Characteristics	HRM Practices
<b>Innovation</b>	<ul style="list-style-type: none"> <li>• A high degree of creative behavior</li> <li>• Long-term focus</li> <li>• A relatively high level of cooperative, interdependent behavior</li> <li>• A moderate degree of concern quality</li> <li>• A moderate concern for quantity</li> <li>• An equal degree of concern for process and results</li> <li>• A greater degree of risk taking</li> <li>• A high tolerance of ambiguity and unpredictable</li> </ul>	<ul style="list-style-type: none"> <li>• Jobs that require close interaction and coordination among groups of individuals</li> <li>• Performance appraisal that are more likely to reflect longer term and group based achievement</li> <li>• Jobs that allow employees to develop skills that can be used in other position in the firm</li> <li>• Compensation systems that emphasize internal equity rather than external or market based equity</li> <li>• Pay rates that tend to be low, but that allow employees to be stockholders and have more freedom to choose the mix of components that make up their pay package</li> <li>• Broad career paths to reinforce the development of a broad range of skills</li> </ul>

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Table 2.9 continued.

Strategy	Employee Characteristics	HRM Practices
<b>Quality Enhancement</b>	<ul style="list-style-type: none"> <li>• Relatively repetitive and predictable behaviors</li> <li>• A more long term or intermediate focus</li> <li>• A moderate amount of cooperative interdependent behavior</li> <li>• A high concern for quality</li> <li>• A modest for concern for quality of output</li> <li>• High concern for process</li> <li>• Low risk-taking activity</li> <li>• Commitment to the goals of the organization</li> </ul>	<ul style="list-style-type: none"> <li>• Relatively fixed and explicit job description</li> <li>• High level of employee participation in decisions relevant to immediate work conditions and the job itself</li> <li>• A mix of individual and group criteria for performance appraisal that is mostly short term and results oriented</li> <li>• A relatively egalitarian treatment of employees and some guarantees of employment security</li> <li>• Extensive and continuous training and development of employees</li> </ul>
<b>Cost Reduction</b>	<ul style="list-style-type: none"> <li>• Relatively repetitive and predictable behavior</li> <li>• A rather short-term focus</li> <li>• Primarily autonomous or individual activity</li> <li>• Moderate concern for quality</li> <li>• High concern for quantity output</li> <li>• Primary concern for results</li> <li>• Low-risk taking activity</li> <li>• Relatively high degree of comfort with stability</li> </ul>	<ul style="list-style-type: none"> <li>• Relatively fixed and explicit job description that allow little room for ambiguity</li> <li>• Narrowly designed job s and narrowly defined career paths that encourage specialization, expertise and efficiency</li> <li>• Short term results orientated performance appraisals</li> <li>• Close monitoring of market pay levels for use in making compensation decision</li> <li>• minimal levels of employee training and development</li> </ul>
Source: Schuler & Jackson, 1987: 209-213		

Many researchers and scholars claim that business strategy is the central determinant of HR strategy (e.g. Andersen, 2007; Bae & Lawler, 2000; Lundy & Cowling, 2000; Wright et al., 2001). Hence, congruence between business strategy and HR strategy is central to the best fit model and indeed, the SHRM literature. Lawler (1995: 14) emphasizes that all organizational systems must start with business strategy because “...it specifies what the company wants to accomplish, how it wants to behave, and the kinds of performance and performance levels it must demonstrate to be effective.”

Other contingencies emphasized by scholars are the organizational and environmental factors (e.g. Arthur & Hendry, 1990; Boxall & Purcell, 2008; Buller, 1988; Jackson & Schuler, 2007). Depending on the context externally and the internal environment organizations will need a different pattern of HRM. This approach is widely accepted given the continuous and dynamic changes faced by organizations (Erickson, 2009; Leopold & Harris, 2009). The organizational variables scholars emphasize are size (e.g. Jackson & Schuler, 1995, 2007; Kalleberg et al., 2006), stage in the organization's life cycle (e.g. Baird & Meshoulam, 1988; Sisson & Storey, 2000), structure (Baron & Kreps, 1999; Ulrich et al., 2010), access to capital or quality of funding (e.g. Bannet et al., 1998; Boxall & Purcell, 2008), unionization (e.g. Collins & Smith 2006, Dyer & Holder, 1988), and political relationships (e.g. Jones, 1984; Pfeffer & Langton, 1988). Environmental and external factors to the organization include market competition (e.g. Boxall, 2003; Lepak et al. 2006), technology (e.g. Compton, 2009; Godard & Delaney, 2003), legal (e.g. Gooderham et al., 1999; Roehling, et al., 2009), cultural (e.g. Budhwar & Sparrow, 2002; Hofstede & Hofstede, 2005), macro-economic (e.g. Baron & Kreps, 1999; Schuler & Jackson, 2007) and the labor market (e.g. Collins & Smith 2006, Dyer & Holder, 1988).

Recent studies (Ketkar & Sett, 2010; Stavrou et al., 2010; Tissen et al., 2010) provide further support for the best fit or contingency approach. They strengthen the belief that companies should always adjust their dynamic global environments into their organizational processes. Accordingly, HRM also needs to be flexible to adjust to these environmental changes.

Numerous studies support that the alignment between business strategy and HR strategy is core to the best fit model. However, as demonstrated below the best fit model should take account of other contingencies; where both external and internal have influences on the HR strategy. Boxall and Purcell (2003) provide an excellent illustration of the impact of competitive (business) strategy on HR strategy for companies with a different dominant technology (See table 2.10).

Table 2.10: HR Strategy: Two Different Scenarios

Firm's choice of competitive strategy	Nature of productive technology in the sector	Worker actions and impact of State regulation	Implication for HR strategy
<i>Cost leadership</i>	High technology or highly capital intensive; often low staff numbers but key specialist skill very important to operation	<ul style="list-style-type: none"> <li>• If organized to unions, workers may extract more of a wage premium but this is not likely affect the economics of the firm unless work practices are inefficient or unduly inflexible.</li> <li>• Regulation by the State is not likely to have much relevance because wage and conditions are high in the sector</li> </ul>	<ul style="list-style-type: none"> <li>• HR strategy should be based on developing and motivating workers to maximize the benefits of the technology (which will help to achieve the cost leadership strategy).</li> <li>• Prediction: high-wage/high-skill models of labor management are cost effective. Investments in creating 'high-performance work system' are likely to be justified.</li> </ul>
<i>Cost leadership</i>	Low-technology, often highly labor intensive operations and large scale	<ul style="list-style-type: none"> <li>• Here, strongly unionized workforces will strengthen the drive to locate operation in low-wage countries.</li> <li>• Employment regulation could have a significant impact in setting the lower bound of wage conditions</li> </ul>	<ul style="list-style-type: none"> <li>• HR strategy is dominated by the need to survive in environment where wage are in competition.</li> <li>• Prediction: firm seek out low wage sites where productivity is high and quality is acceptable. Firms will pay the going rate in the local labor market but avoid paying premium conditions or over-investing in training.</li> </ul>
Source: Boxall and Purcell, 2003: 59.			

The contingency approach also has strong support for implementation of HRM across countries. The best fit approach emphasizes that the context differs among countries, and causes differences in how HRM should be practiced (Budwar & Debrah, 2001; Gooderham et al. 2004; Mayrhofer et al., 2004; Paauwe & Bosolie, 2003, 2007; Pudelko, 2005, 2006; Rubery & Grimshaw, 2003). These differences can be cultural (Budhwar & Sparrow, 2002; Hofstede, 1991, 2001a, 2001b; Hofstede & Hofstede, 2004; Trompenaars & Hampden-Turner 1998; Ignjatovic & Sveltic, 2003; Tayeb, 1998) or institutional factors (DiMaggio & Powell 1983; Paauwe & Bosolie, 2003; Selznick 1996; Whiteley, 2000). Institutional, political, structural, cultural, and social configuration differences at the national and organizational levels can lead to different approach to managing people across nations (Aycan, 2005; Chow, 2004).

Although the best fit approach is widely spread and well-known as the main domain of SHRM, some HR scholars are critical. Boxall and Purcell (2003) identify at least four weaknesses of best fit approach. Firstly, the best fit approach fails to recognize the need to align employee interests and integrate business and employee needs, as well as fit HR strategy to competitive strategy. Secondly, the best fit approach tends to simplify competitive (business) strategy, rather than recognize it is multidimensional and subject to major variations across industries. Thirdly, alignment between the business strategy and HR strategy also needs to align with other external environmental changes. Fourthly, the strategic goals of HRM are complex and subject to paradox so management should not focus solely on fit with any single variable (such as business strategy).

Although Bamberger and Philip (1991), Boxall (1993), and Milliman et al. (1991) agree that organizational strategy plays an important role in designing strategic HR, the HRM system must not fit strategy so tightly it reduce the flexibility needed to adjust to environmental uncertainty. This suggests that environmental factors, such as uncertainty, technology, and demographic changes can often directly affect the choices made by those responsible for HR strategy formulation. HR strategists need to apply the results of their own environmental scanning, regardless of whether these are reflected in the organizational business strategy.

Those criticisms do not invalidate the idea of fit between HR strategy and business strategy, as the main idea of the model is ability to respond to contingencies. Although a ‘better’ model may arise its modification to deal with these criticisms were made (e.g. Boxall & Purcell, 2003; Delery & Doty, 1996; Baird and Meshoulam, 1988) describe some ‘modifications’ that should be made to deal with those criticisms.

Boxall and Purcell (2003) emphasize that the best fit approach should include vertical-horizontal fit as proposed by Baird and Meshoulam (1988). Moreover, “the basic idea of best fit or contingency approach to SHRM should be based on the assumption that HR strategy will be more effective when it is appropriately integrated with its specific organizational and broader environment context” (Boxall and Purcell, 2003: 47). The organization needs to consider the most critical contingencies within the complexity of internal and external factors and how these are best connected. Boxall & Purcell’s (2003) model suggests fit approaches need to be a modified best fit/contingency model.

### **2.4.3. The Configurational Approach**

In contrast, Delery and Doty (1996) and Baird and Meshoulam (1988) formulate a different approach in the configurational approach (also see Doty & Glick, 1994). The main idea here is that there are particular combinations or sets of mutually reinforcing actions or responses so that their affect is more than the sum of their individual affects. Delery and Doty (1996) argue this approach is concerned with how patterns of multiple independent variables are related to dependent variables such as HR practices and processes, and these are related to the dependent variable of organizational strategy. To be effective, an organization must develop a human resource system that achieves both horizontal and vertical fit. Horizontal fit refers to the internal consistency of the organization's policies or practices, and vertical fit refers to the congruence of the HR system with other organizational characteristics. Thus, in the configurational approach, the HRM system must be consistent with the environmental and organizational factors as well as internally coherent (Delery & Doty, 1996; Doty et al., 1993; Lengnick-Hall et al., 2009; Ostroff & Bowen, 2000; Martin-Alcazar, 2005)

### **2.4.4. The Approaches into SHRM: A Summary**

In summary there are three approaches SHRM, these are best practice, best fit and the configurational approach. The best practice approach is based on universalistic principles that assume that there is a universal prescription or 'one best way' or a general pattern that can be adopted by various organizations to manage their people, regardless of the organizations circumstances. In contrast, the best fit is based on a contingency approach, which focuses on the fit to the surrounding context, especially the business strategy. In the best fit approach, every organization has a unique approach in managing

people depending on its context or environment, and especially the business strategy chosen by the organization. Moreover, the configurational approach emphasizes the pattern of interaction between organizational strategy and the dependent organizational variables that achieve a horizontal and vertical fit. The configurational approach is based on contingency approach but the interaction among variables is more complicated. Accordingly, some scholars divide the approaches into SHRM in two streams only: best practice and best fit. It also needs to be acknowledge that the nest fit and best practice are not mutually exclusive and differing HR practices that fit each model can operate in conjunction.

## 2.5 The Role of HRM in the Organization

Historically, HR functions were not recognized as strategic partners (Brockbank, 1999; Lawler, 1995; Lawler & Mohrman, 2000), and the HR function identified as an administrative function, with the primary roles of cost control and administrative activities (Lawler et al., 1993; Ulrich, 1997a). Because of the rapid changes in the business environment, globalization of the economy, intensive deployment of information technology, and increasing complexity, modern organizations have been converging to support HR becoming a more strategic partner (e.g. Brockbank, 1999; Lawler & Mohrman, 2000; Ulrich, 1997a). Accordingly, it is necessary that the HRM department move beyond an operational focus into a strategic role (Schuler, 1994). Many studies across various countries indicate that HRM's status has increased in the company hierarchy and thus plays a more strategic role (such as Camuffo & Costa, 1993

(Italy); Gunnigle & Moore, 1994 (Ireland), Jaap, 1996 (Netherlands), Saborido et al., 1992 (Spain), Siranni, 1992 (Italy), Teagarden et al., 1992 (Mexico))

Early studies investigating the role of HRM can be categorized into two streams, either reactive or proactive (Golden and Ramanujam, 1985). The Reactive group (Ferris, et al. 1984; Smith 1982a, b; Walker, 1980, 1981) emphasizes organizational strategy is the driving force to determine HR strategies and policies. Hence, this group believes that the focal role of a HR department is to ensure that HR strategies and activities align with organizational objectives. The second stream, the proactive group (Alpander & Botter, 1981; Dyer, 1983; 1984a, b; Dyer & Heyer, 1984; Lengnick-Hall & Lengnick-Hall, 1984; Napier & Smith, 1984; Tichy, 1983; Tichy et al. 1982) recommends that HR be involved in the strategic formulation process. This means HR departments should be active players in strategy formulation.

Within these streams, Golden and Ramanujam (1985) promoted four distinctive roles for HRM in organizations: the administrative linkage, a one-way linkage, a two-way linkage, and an integrative linkage. In the administrative linkage HR deals with day-to-day or routine administrative roles such as payroll, absenteeism, etc. In a one-way linkage HR translates organizational strategies into HR strategies and policies, and the strategic formulation processes exists without HRM input. In the two-way linkage HR plays a dual function in formulating and implementing organizational strategies, although it is not involved in strategic decision making. With the integrative linkage, HR participates throughout the strategic formulation and decision process and also plays an integral role in developing and implementing the firm's competitive strategy. In this



role, HRM is a vital part of senior management and an effort is made to integrate employee needs and business objectives to meet long-term organizational goals. The illustration of Golden and Ramanujam's (1985) formulation can be seen in table 2.11.

Table 2.11: Phases in SHRM

Linkage type Characteristics	Administrative Linkage	One-Way Linkage <i>SBP* → HRM</i>	Two-Way Linkage <i>SBP* ↔ HRM</i>	Integrative Linkage
<i>Motivation for integration</i>	n.a.**	Implementation failures	Senior management support	Philosophy or future growth considerations
<i>View of human resources (HR)</i>	People as cost or as insignificant to business	People as flexible variable	People as key success factor (KSF) for the business	People as a KSF and investment in future growth
<i>View of the HR function</i>	Necessary, but a burden	Resource for assistance in plan implementation	Essential to business	Critical to organization
<i>Primary role of HR executive</i>	Functional administrator	Operational-tactical HR expert	Strategic partner	Integral senior management member on a formal and informal basis
<i>Primary role of the HR function</i>	Efficient program administration (e.g., benefits)	Development of HR systems/programs to implement business objectives	Development & implementation of HR strategy in concert with business planning	HR expert with input in most business matters
<i>Performance criteria for the HR function</i>	Cost minimization, effective firefighting	Effective strategy implementation, financial impact on business	Quality of HR input into strategy formulation & implementation	Long term impact on organization
<i>Triggers for HR programs or systems</i>	Effectively needed	Business goals considered first	Business goals & employee needs considered jointly	Organizational goals, integrating employee needs & business objective
Source: Golden & Ramanujam, 1985: 435-436 Notes: *SBP: Strategic Business Planning ** n.a.: not applicable				

Similarly, Purcell (1995) proposes a model of the HRM role, which also differentiates four types, but with different technical terms. The first is the operational support role. Here the HRM area provides operational support and develops internal programs to meet specific needs, but is generally viewed as a processor of paperwork and employment activities. The second is the reaction role that suggests HRM's role is to react to strategic directions and requests from top management. Third, the input and react role is where HRM provides input and reacts to strategic decisions set by top management, but only on personnel matters. The fourth and final integrative role is where HRM is actively involved in all types of strategic decisions, whether or not they directly affect personnel matters.

Another slightly different framework was proposed by Ulrich (1997a, 1998) and is identified by Raub et al. (2006) as the most widely accepted model. This model is similar to Purcell's (1995) model in that the proposed roles differ in relation to time frames (long vs. short term or strategic vs. operational) and their focus on managing process as opposed to managing people. Ulrich's model provides four roles for HRM in the organization; they are the administrative expert, employee champion, change agent, and the strategic partner role.

In the administrative expert role, the main role of HR managers is in designing and delivering HR processes or practices, including recruitment, training & development, performance appraisal, and compensation. The focus is how to deliver such activities as effectively as is administratively possible. The employee champion role sees HR managers deal with the day-to-day problems, concerns and needs of employees. Their

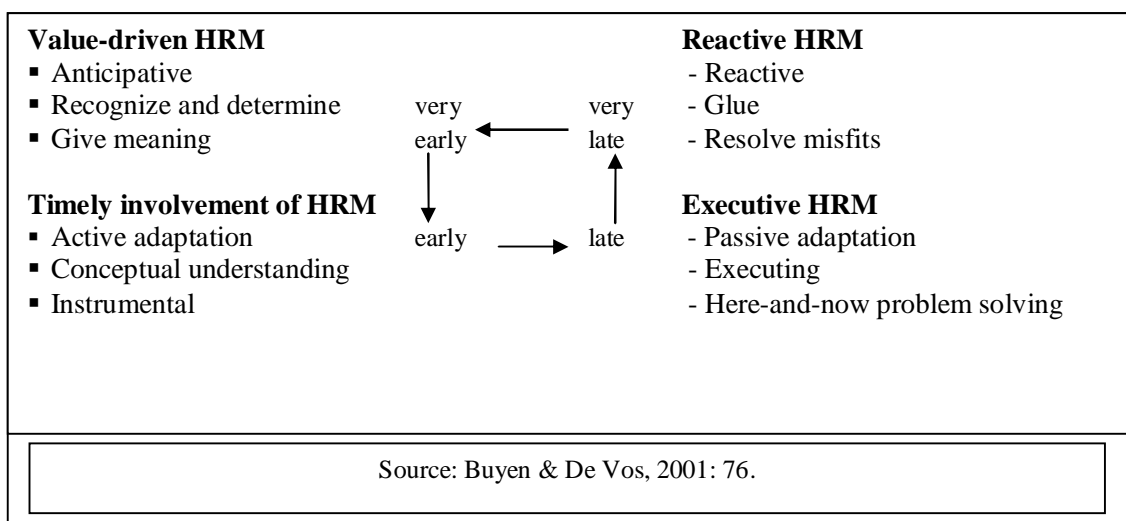
major concentration is to understand and ensure that employee's needs are fulfilled in such a way that will increase their organizational commitment. Furthermore, in the change agent role, HR managers play a key role in identifying, transferring and implementing transformation processes to achieve an organizational capacity for change. Finally, the strategic partner underpins the strategic HRM era, and places HR managers as key players in aligning and implementing HR practices that are in line with business strategy.

Further development of Ulrich's (1998) framework reformulated into the five roles, namely: the employee advocate, human capital developer, functional expert, strategic partner, and leader (also see Ulrich & Brochbank, 2005). In the employee advocate role, HR focuses its activities on the needs of employees by listening, understanding, and empathizing; the human capital developer role focuses on preparing employees to be successful in the future; the functional expert role is concerned with HR practices that are central to HR value. The strategic partner role is where HR has multiple strategic functions that help to achieve the organization's vision and mission, and in the leader role, HR collaborates and leads other functions, to set and enhance standards of strategic thinking and to ensure corporate governance is practiced consistently.

A different model promoted by Buyen and De Vos (1999, 2001) provides four ways to evaluate the role of HR and its involvement in the strategic decision-making process, these include value driven HRM, timely involvement of HRM, executive HRM, and Reactive HRM. In value-driven HRM, HR professionals are involved throughout the strategic decision-making process right from the earliest stages, including identifying

problems and their alternative solutions. HR professionals are members of the strategic decision team. Timely involvement of HRM focuses on HR professionals' involvement in developing solutions and creating tools that help the organization implement strategies and decisions successfully. In other words, HR professionals are part of the team which elaborates the chosen strategic direction. In addition, in the executive HRM role, the involvement of HR professionals is to identify solutions so they can be implemented by selected other members of organization. Finally, in the reactive HRM role, HR professionals are only involved as part of the decision-making process, or when problems arise during implementation. The illustration of Buyen and De Vos's model can be seen in the figure 2.4.

Figure 2.4: Involvement of HRM in Decision-making Processes



Based on their model, Buyen and De Vos (1999, 2001) highlight that the earlier HR professionals are involved in the strategic decision-making process, the more strategic is the role they play and the greater will be their impact on the business. Bannet et al.

(1998) support this notion and point out that when HR managers play an active role in formulating organizational strategy this also strengthens the departments' position. Moreover, they emphasize that when HR managers are full partners in the strategic decision making process they will have the knowledge to craft the department role by developing behaviors that support achieving the formulated strategy (also see Becker & Gerhart 1996; Buyen & De Vos, 1999; Schuler & Jackson, 1999, 2000; Ulrich, 1997a).

To be optimal as a true strategic partner, Lawler and Mohrman (2003) emphasize that HR professionals need to harmonize their partnership with line managers and develop a broad and deep understanding of the HR issues (also see Barney & Wright, 1998). The responsibility for routine and administrative HR activities can be delegated to line managers because they have a closer interaction with employees daily work activities (Brewster 1999; Budhwar 2000; Budhwar & Khatri, 2001; Ulrich, 1997). This devolvment also provides an opportunity to increase intimacy between HRM and line managers and supports HR managers understanding of front-line business problems, which is turn leads to higher contributions at the corporate level (Laabs, 1992). For effective devolvment, however, line managers need appropriate knowledge and skills related to HR practices (Hall & Torrington, 1998; Budhwar, 2000). In other words, the HR manager needs to be a strategic partner with line managers to ensure HR policies can be executed successfully (Budhwar, 2000; Budhwar & Khatri, 2001; Teo, 2002).

Although Ulrich (1997a) supports the role of HR as a strategic partner, he has highlighted a potential problem. If HR does not add real value as a member of the team, then the HR can practice downsizing and de-layering through outsourcing. Accordingly,

Beatty & Schneier (1997) and Ulrich & Beatty (2001) emphasize that HRM must enhance the organizations competitive advantage by adding real and measurable economic value (e.g., shortened training cycle time) not only perceived value (e.g., training builds skills). Human resources management also needs to add economic value to the organization's external stakeholders and investors, not just the internal clients. They must become a strategic player by not only adding value, but by concentrating on making things happen for customers, rather than purely being part of the team (Beatty & Schneier, 1997; Ulrich & Beatty, 2001). In simple terms, HRM must be "on the field" and positioned to score. Ulrich & Beatty (2001) prescribe six ways HR can contribute to the organization; they are as a coach, an architect, a builder, a facilitator, a leader, and a conscience.

#### 1. The HR Coach: Coaching to Win

Ulrich and Beatty (2001: 294) underline "the major role of the HR player as coach is to enable professional growth and to help executives achieve their full potential in guiding firm's business success on the various scorecards". HR must be able to observe behavior, describe behavior, provide feedback, and reward behavioral change. Human resources coaches help executives change their behavior to improve their contributions to organizational performance. The good coaches are not only familiar with the game; more importantly, they have to know how to win the game. Moreover, they must be able to understand the capabilities of each individual and each team within the organization. In order to attain organizational success, the coaches should improve and maintain every individual to be a winner, which means building a relationship of trust

with the business leader and the team. It also means they need to give clear, direct, candid and useful feedback to both the business leader and the team.

## 2. The HR Architect: Designing to Win

“Architects provide the high-level blue print. They help the organization identify ideas about how firms will win in chosen marketplace and thus, how to design significant next steps in competitiveness” Ulrich and Beatty (2001: 297). To be good organizational architects, HR professionals must have the conceptual capability to plan for and implement strategies in the real organization. Although they may not own the problem, they can offer choices so the organization can select suitable options. This means architects must present clear and honest rationales for the alternatives provided and how to implement them, what implications and risks might arise, so that success can be achieved. To do this, HR professionals need to have multiple skills to ensure they are able to analyze organizational phenomena from different perspectives.

## 3. The HR Builder: Constructing a Winner

Although architects and builders have a very close relationship, they play different roles, as explained by Ulrich and Beatty (2001: 299):

“Architects create blueprints, but those blueprints must be implemented to have impact. HR professionals –as builders- contribute to the construction of winning organization by understanding the work required to build competitiveness. Clearly, once strategies have been articulated and capabilities delineated, the right work and the right work processes must be identified.”

Although the 'blue prints' is very important unless they can be implemented they are only ideals without impact. Therefore, the builder's role is very significant. As builders, HR professionals turn ideas into action by designing and delivering HR practices. They drive, reinforce, and maintain employee behavior that is consistent with organizational strategy and capability. To do this job, HR staff need to understand current HR theories and practices so they are able to implement plans with the best and up to date approaches.

#### 4. HR Facilitator: Changing the Organization to Win

The primary role of the facilitator encompasses strategic change leadership (Ulrich & Beatty, 2001: 301). As facilitators, HR professionals are charged with getting things done by making and sustaining changes at three levels: (1) helping teams operate effectively and efficiently, (2) ensuring that organizational change happens, and (3) ensuring that alliances operate.

#### 5. The HR Leader: Creating Followers that Win

HR leaders can play the coach, builder, and facilitator but still face challenges in implementing these functions. Accordingly, Ulrich and Beatty (2001: 304) emphasize that "effectively and efficiently leading one's own HR function earns credibility". The HR function should be an exemplar of how to manage an effective department for other departments. To do this the HR department should run as a business, so needs the same elements of a business plan that fits business realities, with a HR vision and HR governance.



## 6. The HR as Conscience: Playing by the Rules to Win

As a conscience, HR is the internal referee who ensures that rules are followed by all elements, including people and activities of the organization. In other words, “HR plays the referee to ensure that organization wins the right way” Ulrich and Beatty (2001: 305). To play this role, HR needs to know when a practice activity is “Green” as in acceptable, “Yellow” as in questionable, or “Red” as in risky. More importantly, HR should mirror, or model, the right way.

Being either a strategic partner or strategic player is not easy. Accordingly, it is necessary for HR staff to be competent in their field (Barney & Wright, 1998; Bradford et al., 2006; Han et al., 2006). There are various meanings of competence, observable performance (Boam & sparrow, 1992; Bowden & Masters, 1993), the quality of a person’s performance outcome (Hager et al., 1994; Rutherford, 1995), and underlying personal attributes (Boyatzis, 1982; Sternberg & Kolligian, 1990).

Becker et al. (2001) identify three domain of HR competence, they are: knowledge of the business, delivery of HR practices, and change management. Moreover, since most organizations depend on technology expertise in this is the fourth variable of HR competence (also see Brockbank et al., 1999; Brockbank & Ulrich, 2003; Hunter, 1993; Schoonover, 2003; Ulrich et al., 1989, 1995;)

In terms of knowledge of the business, Bates (2002) recognizes that to be successful, the practitioners HR need to understand the business and the context where the organization works. More specifically, they need the ability to align HR strategies to business strategy

and to communicate with line managers for analysis and problem solving (Bail, 1999; Kochanski & Ruse, 1996; Lawler & Mohrman, 2003; Svoboda & Scrooder, 2001; Ulrich et al., 1995). In other words, a critical factor is having the business knowledge to be able to give the best strategic contributions to their organizations (Brockbank & Ulrich, 2003).

The second competence is field expertise in delivering HR practices. As HR professionals, they need to understand HR practices very well, including staffing, training and development, compensation, performance appraisal, employee and industrial relations (Lawson & Limbrick, 1996, Ulrich et al., 1995). Moreover, they must have the ability to deliver such HR practices to the organizational members.

The third competence is for HR professionals to be change agents for their organizations. They have to be able to diagnose new challenges in the early stages and raise member awareness of how to respond to these (Ulrich et al., 1995). Furthermore, HR professionals must be able to initiate organizational flexibility to respond to rapid changes in the business environment (Svoboda & Schroder, 2001). Similarly, mastering technology helps them to deliver services to employees (Brockbank & Ulrich, 2003) and helps teach others how to use such systems (Lawson & Limbrick, 1996). This is necessary for data collecting and transferring valuable information (Lawler & Mohrman, 2003). Bradford et al. (2006) identify that HRs' technological competence can facilitate individual and organizational success.

Armstrong (2009) also provides a comprehensive framework of HR competencies that help to ensure HR professionals are able to act both strategic partner and player. This framework is shown in table 2.12.

Table 2.12: Competency Framework for HR Professional

Competencies	Description
<b><i>Business awareness</i></b>	Understands: (1) the business environment, the competitive pressures the organization faces and the impact of external events on organizational policies and practices, (2) the drivers of high performance and the business strategy, (3) the business's key activities and processes and how these affect business strategies, (4) how HR policies and practices impact on business performance, and puts this to good use.
<b><i>Strategic capability</i></b>	(1) Seeks involvement in business strategy formulation and contributes to the development of the strategy, (2) contributes to the development for the business of clear vision and a set of integrated values, (3) develops and implements coherent HR strategies which are aligned to the business strategy and integrated with one another, (4) works closely with line manager to support the achievement of corporate, unit or functional strategies, (5) understands the importance of human capital measurement, introduces measurement systems and ensure that good use is made of them.
<b><i>Organizational effectiveness</i></b>	(1) Contributes to the analysis and diagnosis of people issues and proposed practical solutions, (2) helps to develop resource capability by ensuring that business has the skilled, committed and engaged workforce it needs, (3) helps to develop process capability by influencing the design of work systems to make the best use of people, (4) pursues an 'added value' approach to innovation and service delivery.
<b><i>Capacity as an internal consultant</i></b>	(1) Carries out the analysis and diagnosis of people issues and proposes practical solutions, (2) adopts interventionist style to meet client needs, acts as catalyst, facilitator and expert as required, (3) uses process consultancy approaches to resolve people problems, (4) coaches clients to deal with their own problems, transfer skills.
<b><i>Effective Service delivery</i></b>	(1) Anticipates requirements and sets up and operates appropriate services, (2) provides efficient and cost-effective services in each HR area, (3) respond promptly and efficiently to requests for HR services, helps and advices, (4) promotes the empowerment of line managers to make HR decisions but provide guidance as required.
<b><i>Acts in the interests of employees</i></b>	Takes action to advocate and protect the interests and well-being of employees.
<b><i>Continuous professionals development</i></b>	(1) Continually develops professional knowledge and skills, (2) benchmark good HR practices, (3) keeps in touch with new HR concepts, practices, and techniques, (4) keeps up-to-date with research and its practical implications.
Source: Armstrong (2009: 126-127)	

## 2.6 The Implementation of HR Strategy

Strategy implementation is challenging for many managers (Hardy, 1994; Noble, 1999) and can be source of frustration in many companies. Alexander (1991) identifies three reasons why strategy is not implemented; strategy implementation is less glamorous than strategy formulation, scholars and practitioners believe that strategy implementation can be practiced by anyone, and it is often unclear where the process of strategy implementation starts and stops in practice.

Paradoxically, Roney (2004) suggests that the majority of strategic plans are not implemented successfully. In relation to strategic HRM, Gratton (1999) notes that too often strategic intentions are not achieved in practice. Moreover, Alexander (1985), Floyd and Wooldridge (1992), Judson (1991), and Pellegrinelli and Bowman (1994) claim the proportion of successful implementations of strategic planning ranges from ten to fifty percent.

Strategy implementation can be determined as “simply the set of activities necessary to fully execute an organization’s strategies” (Katsioloudes, 2006: 200). Although this definition is easy to state and remember, the reality is that it is quite complicated to achieve. As Hrebiniak (2005) states, implementation is much harder than formulation, and it goes beyond planning or formulating strategy. Implementing strategy requires considerable further effort to deal with interrelated activities, regardless of how well the strategy has been formulated; it will amount to ‘nothing’ if an organization fails to execute it. Accordingly, Hardy (1994) emphasizes the critical importance of considering

implementation during the formulation process to ensure it can be implemented. Unfortunately, the reality is that strategy formulation and strategy implementation are often seen, and indeed practiced, as two separate phases (Quinn et al., 1988) or Alexander (1991) suggests it is like a 'two headed-coin'.

On one side is strategy formulation, which defines the plan need to compete successfully within a certain industry, on the other side, the strategy implementation takes the formulated strategies as a given and decides how these goals can be achieved. The importance of strategy implementation is highlighted by Olson et al. (2005: 47): "Many executives argue that brilliant execution is more important than brilliant strategy. The reason is simple: doing is harder than dreaming, and poorly executed strategy is merely a vision of what could be".

Going one step further, Vasconcellos e Sa (1990) emphasizes that a well formulated strategy, even if it is badly implemented, may be effective (in terms of doing the right thing), but is not likely to be efficient (in terms of doing things right). Bonoma's (1984) model demonstrating this interaction between strategy formulation and implementation is presented in figure 2.5. This model illustrates that poor implementation can cause appropriate strategies to fail, whereas in contrast, excellent implementation can rescue an inappropriate strategy.

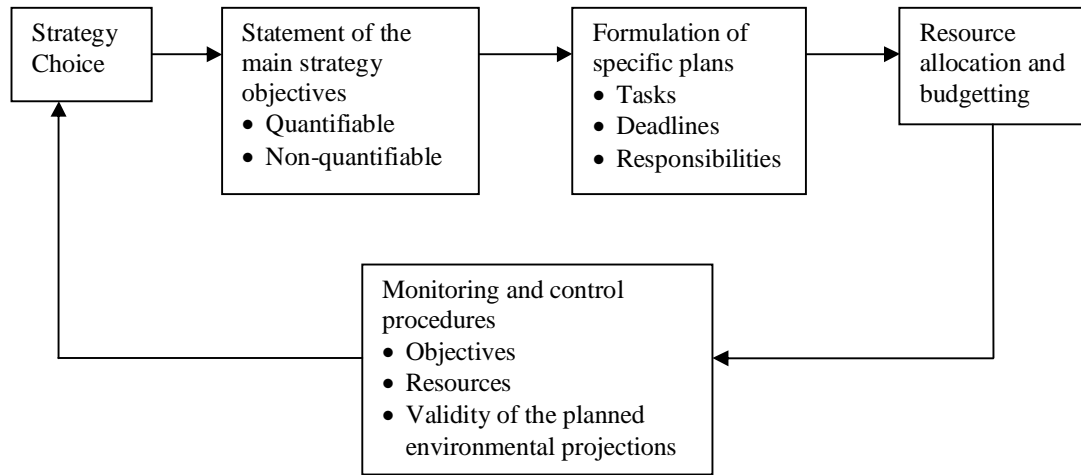
Figure 2.5: Interaction of Strategy Formulation and Implementation

		Strategy Formulation	
		Appropriate	Inappropriate
Strategy Implementation	Excellent	<p><b><i>Success</i></b></p> <p>Targets for growth, share, profits are met.</p>	<p><b><i>Rescue or Ruin</i></b></p> <p>Good execution may save poor strategy or may hasten failure</p>
	Poor	<p><b><i>Trouble</i></b></p> <p>Poor execution hampers good strategy. Management may conclude strategy is inappropriate.</p>	<p><b><i>Failure</i></b></p> <p>Cause of failure hard to diagnose. Poor strategy marked by inability to execute</p>

Source: Bonoma, 1984: 72.

To improve successful outcomes in strategy implementation, Lynch (2006: 613) provides a general guide in the following four basic elements; (1) identification of general strategic objectives, this specifies the general results expected from the strategy initiatives; (2) formulating specific plans, takes the general objectives and turns them into specific tasks and deadlines (these are often cross-functional); (3) resource allocation and budgeting, indicates how the plans are to be paid for (this quantifies plans and permits integration across functions); and (4) monitoring and control procedures, ensures the objectives are being met, and that only agreed resources are spent and that budgets are adhered to. The interaction of these elements can be seen in figure 2.6.

Figure 2.6: The Basic Implementation Process



Source: Lynch, 2006: 614

Reid (1989) emphasizes that the existence of a strategy is an essential condition or precondition for strategy implementation. According to Minzberg (1987), the strategy can be more or less well-formed, more or less in the process formation, or even emergent. The main thing is that, before it can be implemented, it is sufficiently formulated to give directions or goals, so that the organization's members will be able to understand and work toward its realization. As a result, strategic intentions are inextricably linked with strategy implementation (Kernochan, 1997). Therefore, if the strategy is to be successfully implemented, it needs to be credible to all those involved.

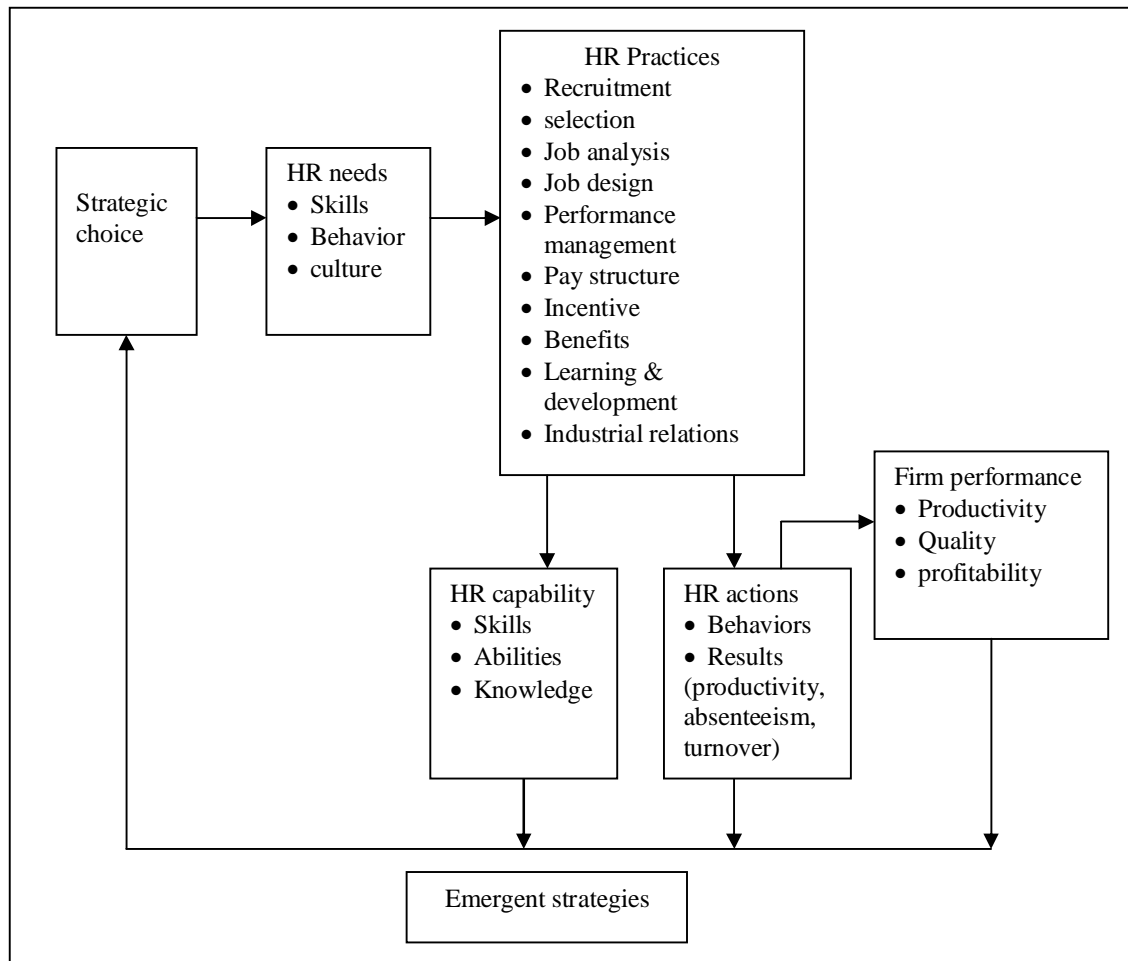
For successful implementation, Roney (2004) recommends organisations need adequate resources to support strategic intent, a well-aligned organizational structure, and the motivation of individuals at all levels to persist in effective goal-seeking behavior. In addition, he identifies that leadership is an important catalyst to facilitate the

organizational capability to shore up these three categories. As well as organizational structure, De Cieri and Kramar (2003) identify four additional variables that assist successful implementation, these being task design, reward systems, types of information and the information system, and selection, training and development. Within this framework, De Cieri and Kramar (2003) suggest HRM has the three primary responsibilities of strategically aligning the tasks, people, and reward system. These alignments have direct impacts on the structure, information flow and quality as well as the decision processes. De Cieri and Kramar (2003) identify that it is not just about leadership, structure, individual motivation or resources being adequate for the needs of the organization, it is the synergy between these that promotes effectiveness and allows the organization to utilize all its capabilities.

In addition, De Cieri and Kramar (2003: 57) argue that successful of HR strategy implementation has the following three fundamental stages: (1) the tasks must be designed and grouped into jobs in a way that is efficient and effective, (2) the HR function must ensure that the organization is staffed with people who have the necessary knowledge, skill, and ability to perform and implement the strategy, and (3) the HR function must develop performance management and reward systems that lead employees to work and support the strategic plan. The links between strategic choice and HR practice can be seen in figure 2.7.



Figure 2.7: HR Strategy Implementation



Source: De Cieri & Kramar, 2003: 59

As discussed earlier, implementing HR strategy is not a simple process. Organizations need to predict obstacles that occur during implementation. Armstrong (2003: 125) identified that the barriers to implementation are mainly due to failure to understand the strategic need of the business, and this in turn will lead to HR initiatives that are irrelevant, or even counter productive. This can happen if organizations do not pay sufficient attention to adequately assessing the environmental and cultural factors that

affect the content of the (HR) strategies. Armstrong (2003) also strongly emphasizes that difficulties will emerge if strategy initiatives are taken in isolation without considering their implications on other areas of HR practice or ensuring that a coherent, holistic approach is adopted.

Beer and Eisenstat (2000) recognize six silent killers that can block strategy implementation and organizational learning these are: (1) a top-down or laissez-faire senior management style, aspects of which include discomfort with conflict, frequent absences in managing acquisitions and or the use of the top team for administrative matters rather than focused strategic discussions, (2) unclear strategy and conflicting priorities, (3) an ineffective senior management team, (4) poor vertical communication, (5) poor coordination across functions, the business or borders, and (5) inadequate down-the-line leadership skills and development.

To show how these six barriers interact to block strategy implementation and learning, Beer & Eisenstat (2000) categorize them into three block processes (also see figure 2.7):

1. Quality of direction: an ineffective top team, top-down or laissez-faire senior management approach and unclear strategy are related. Problems include a CEO or general managers who bypass members of their senior team by getting information from and giving orders to those at lower levels; this undermines the leadership group from becoming an effective team. Second is laissez-faire managers, who on the other hand, undermine the team's potential by avoiding discussions that could cause conflicts or by not holding their subordinates accountable for coordinated decision making. Third, a lack of a clear and compelling statement of the strategic direction

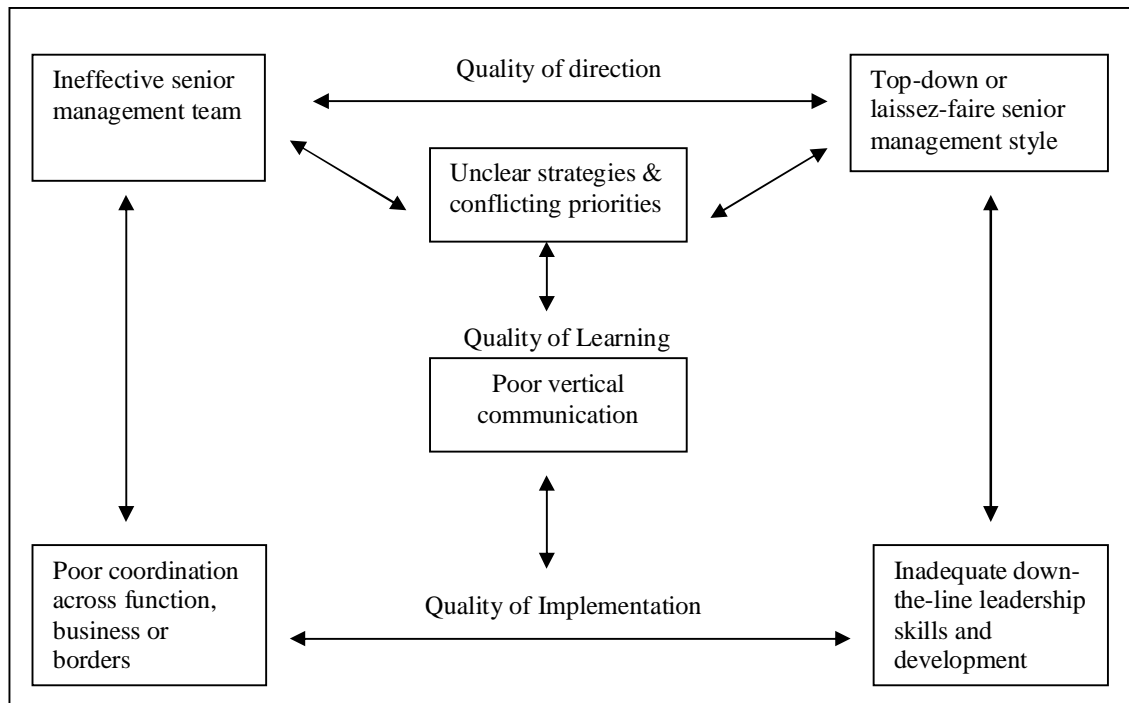
deprives top management of a common rallying point that might help them form as a team. Conversely, a team of managers unwilling to subordinate their individual functional interests to the needs of the overall business will not be able to develop a clear statement of priorities.

2. Quality of learning: blocked vertical communication has a particularly damaging effect on a business's ability to implement and refine its strategy or to learn. A lack of strategic consensus and clarity also undermines effective upward communication.
3. Quality of Implementation: the three killers that are associated with senior management make it very difficult to develop the needed coordination at lower levels or to develop down-the-line leadership capabilities. Middle managers from different functions across the organization cannot be expected to collaborate effectively when their leaders push them to compete.

To combat those obstacles, Beer and Eisenstat (2000) recommend six capabilities that are required for successful implementation of strategy, they are: Firstly, a leadership style that embraces the paradox of top-down direction and upward influence. The general manager advocates direction, but learns from the feedback of those down the line. Second, a clear strategy sets a clear priority. The top team formulates the strategy as a group and spends significant amounts of time discussing it with lower levels. Third, an effective top team whose members possess general-management orientation. Through constructive conflict, they can arrive at a common voice to create and implement the strategy. Fourth, open vertical communication. The top team and lower levels are engaged in an open dialogue about the organization's effectiveness. Fifth, maintain

effective coordination. Effective teamwork integrates activities around customers, products or markets across diverse function, localities and business. Sixth, implement down-the-line-leadership. Mid level managers with the potential to develop leadership skills and a general-management perspective are given clear accountability and authority.

Figure 2.8: The Obstruction Processes in Strategy Implementation



Source: Beer & Eisenstat, 2000: 32

Similarly, Armstrong (2003: 126-127) recommends that organizations follow the eight steps action plan described below if they wish to successfully implement a HR strategy:

1. Conduct a rigorous initial analysis, which covers the business needs, corporate culture, and the internal and external environmental factors.

2. Formulate strategy that rationally sets out the aims, cost and benefits.
3. Gain support from top managers, line managers, employees generally, and trade unions.
4. Assess potential barriers, especially relating to indifference, hostility (resistance to change), and a lack of supporting processes or resources.
5. Manage change to gain acceptance for any new initiative contained in the strategy.
6. Prepare action or project plans, which cover what is to be done, who is to do it, and when it should be completed. These plans should indicate the stages of the implementation program, the resources required at each stage, and the final completion dates. They should indicate the consultation, involvement, communication, and training programs required. The plan should also include how progress will be monitored and what the success criteria will be. In this way progress can be measured objectively against specified targets.
7. Manage the implementation with constant reference back to the action plan, so that progress can be monitored and problems can be dealt with, if and when they arise.
8. Follow up and evaluating after the implementation also needs to occur. This can be through interviews, focus groups, and or attitude surveys. The key issue here is that the evaluation should point the way to actions and amendments that alter the original proposal, should this be required. Changes to the plan itself may not be necessary, but changes to other areas of the organization may be required for the plan to succeed. For example, line managers and employees may need more resources or better training, or communication systems may need to be improved.

Finally, Roney (2004: 237-244) also proposes a prescription for success when converting strategy into effective actions, that consists of ten critical skills that should be employed by organizations; they are the abilities to have internally: (1) consistent objectives, (2) achieve strategic awareness, (3) manage resistance to change, (4) sustain vigorous, focused effort, (5) align structure and strategy, (6) identify and develop leaders and managers, (7) conduct projects, (8) budget and monitor progress, (9) envision needs for future competences, and (10) realize when it's time to change strategy and re-plan.

## 2.6. Conclusion

This chapter has described the evolution of HRM from the early reformers of the industrial revolution through, personnel management to HRM and SHRM. The best fit, best practice and the configurational approaches to SHRM have been discussed as have the roles of HRM and strategy decision making. The determinants of HR strategy implementation was also discussed.

## CHAPTER III

### RESEARCH DESIGN

#### 3.1. Introduction

As a scientific process, research should be designed very carefully with regard to academic acceptance. Designing research is not a simple process because it involves a number of related stages (Burrell & Morgan, 1979; Creswell, 2003; Crotty, 1998; Denzin & Lincoln, 2000; Neuman, 2003; Sarantakos, 2005). Unfortunately, several scholars (e.g. Blaiki, 2000; Bogdan & Taylor, 1975; Rocco, 2003; Yin, 2003) indicate that quite often researchers demonstrate a lack of awareness of the need to provide a rationale behind the selected research design. They tend to simplify the research process by moving quickly into an explanation of the research methodology, or even just the research method without discussing the philosophical underpinnings of the research; namely the paradigm. However, the paradigm has a fundamental role and determines the research process as a whole. Firestone (1990: 106) argues that “paradigm assumptions determine research strategy” or as Lincoln (1990: 81) states, “the adoption of a paradigm literally permeates every act, even tangentially, associated with inquiry”.

Based upon the rationale above, this chapter provides an explanation of the core assumptions which underlie the arguments for utilizing qualitative research, or more specifically a grounded theory approach. A comprehensive discussion of the theoretical-philosophical rationale behind the research design selected and how it is operationalized in each stage of research process is presented in this chapter. The main reason is to

provide a holistic picture of how the researcher conducted the research, including how the research design was constructed, how the data were collected and analyzed, and how a theoretical construct could be achieved. Moreover, to provide credibility and acceptability, this research design has been presented at one international conference and two national conferences. Each these conferences were peer reviewed and a list of the papers can be seen in appendix 5.

The structure of this chapter begins by explaining the selection process of the research design, followed by a discussion and justification of the research paradigm, research methodology and research method. Issues related to the choice of a suitable paradigm, ontology and epistemology are next explored. The justification of why this study employs a qualitative research design, and more specifically the grounded theory approach can be found in the methodology section. Furthermore, the research method section provides details regarding the data collection and data analysis, including interviewing, transcription, and data coding. Next, this chapter briefly discusses the importance of, and how to establish, trustworthiness throughout the research process and some of the ethical consideration involved, prior to its conclusion.

### 3.2. Selecting a Research Design

The research design describes each step and the whole process of the research. Creswell (2003) describes a research design as the process of research, from conceptualizing a problem to writing the narrative. While Yin (2003) says that a research design is an action plan from here to there. Blaiki (2000: 35), moreover, describes the main purposes



of the research design are to, make the research design decision explicit; ensure that the decisions are consistent with each other and with ontological assumption adopted; and allow for critical evaluation of the individual design elements, and the overall research design, before significant work commences.

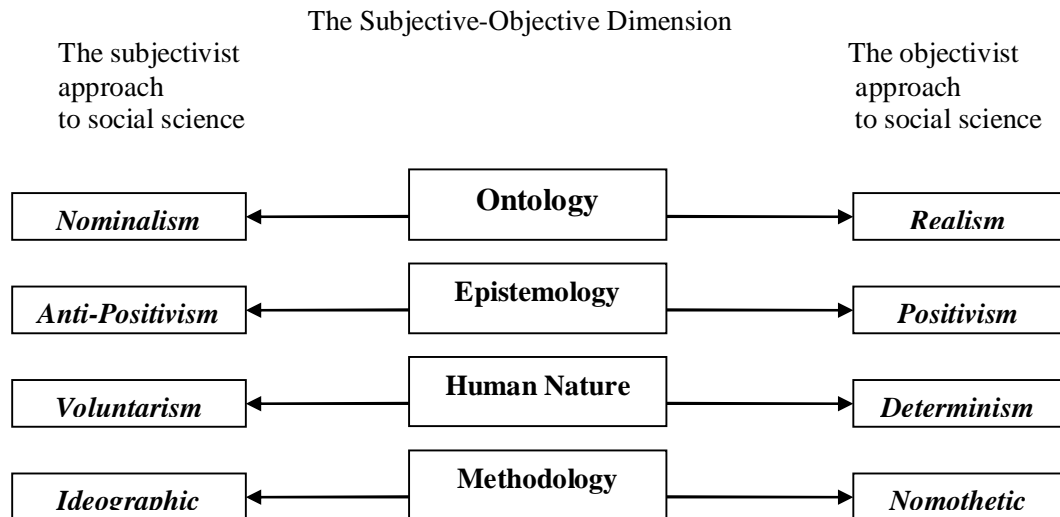
According to Burrell and Morgan (1979), social researchers may approach their subject via explicit or implicit assumptions about the nature of the social world and the way in which it may be investigated. Accordingly, they assume that this is based on the following three assumptions:

1. Assumptions about an ontological nature which concern the very essence of the phenomena under investigation. In this assumption, the nature can be investigated whether as an objective nature or the product of individual cognition. In other word, reality can be investigated whether as a given 'out there' in the world or as the product of one's mind.
2. Assumptions of an epistemological nature which concern about the grounds of knowledge. It is about how one might begin to understand the world and communicate this as knowledge to fellow human beings. The nature of knowledge can be identified and communicated as a real and transmitted in tangible form or may be more subjective based on experience as personal nature.
3. Assumption of the human nature which concern about the relationship between human beings and their environment. In one side, human beings can be identified as products of the environment and conditioned by external circumstance. In another side, human beings can be analysed in more creative role as the creator of their environment so they tend to be the controllers rather than controlled, the master rather than marionette (Burrell & Morgan, 1979: 1)

Burrell and Morgan (1979), furthermore, underline that the assumptions will have a direct implication in choosing the methodology. This means that different ontological, epistemological stances will cause researchers to employ different methodologies when investigating the nature of the social world. Social scientists may treat the social world like the natural world, as objective, such as being hard, real and external to the

individual, or may see it as having a much softer, personal and more subjective quality, as illustrated in figure 3.1.

Figure 3.1: A Scheme for an Analyzing Assumption about the Nature of Social Science



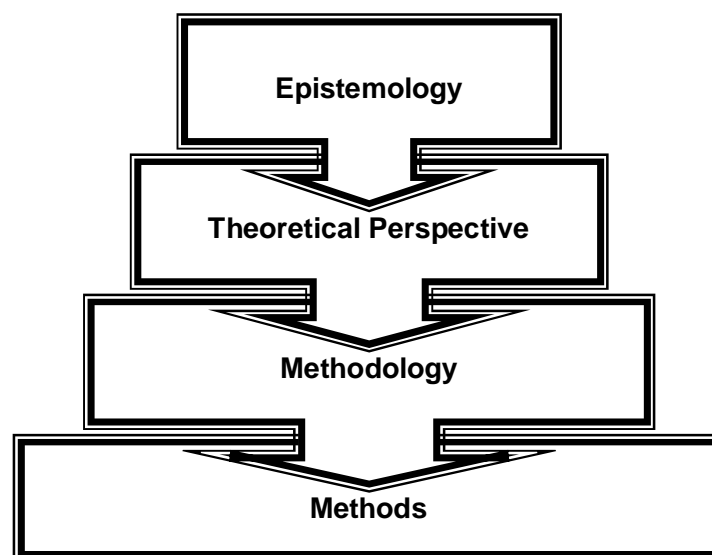
(Source: Burrell & Morgan, 1979: 3)

In addition, Crotty (1998: 2) proposes four basic elements in any research process that need to be spelt out carefully. Each of these elements relate to the solution for one of four questions, they are: (1) what methods do we propose to use? (2) What methodology governs our choice and use of methods? (3) What theoretical perspective lies behind the methodology in question? and (4) What epistemology informs this theoretical perspective?

Crotty's (1998) model recommends the first stage of research should begin by selecting the most suitable epistemology. He defines epistemology as "the theory of knowledge

embedded in the theoretical perspective and thereby in the methodology” (Crotty, 1998: 3). After the epistemology has been chosen, it needs to then inform the selection of the most suitable theoretical perspective, which is “the philosophical stance informing the methodology thus providing a context for the process and grounding its logic and criteria” (Crotty, 1998: 3). The further stage of this process involves the selection of the most suitable methodology, which means the selection of “the strategy, plan of action, process of design lying behind the choice and use of particular methods linking the choice and use of methods to the desired outcomes” (Crotty, 1998: 3). Finally, this process concludes with selection of the most suitable of set of methods as “the technique or procedures used to gather and analyze data related to some research questions or hypothesis” (Crotty, 1998: 3). The illustration of Crotty’s model in selecting the research design can be seen in figure 3.2.

Figure 3.2: Crotty’s Model of Selecting a Research Design



(Source: Crotty, 1998: 4)

Crotty (1998) does not include ‘ontology’ in his model as recommended by Burrell and Morgan (1979). He argues that ontological issues and epistemological issues tend to emerge together, because ontology is concerned with a certain way of understanding “what is”, while epistemology is concerned with “what it means to know” (Crotty, 1998: 10). In other words, it is impossible to separate ontology from epistemology conceptually.

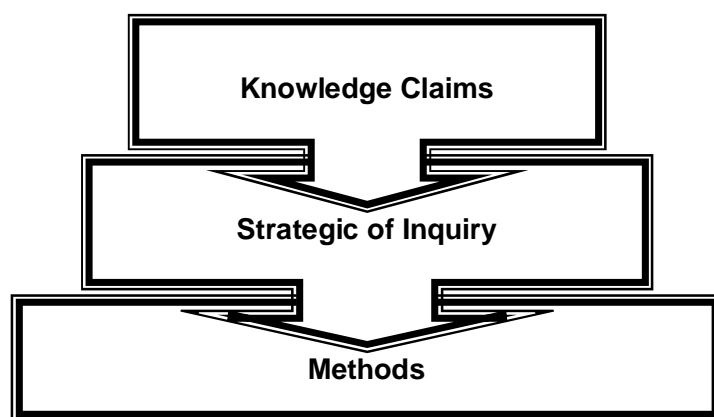
To operationalize his model, Crotty (1998) proposes some alternative choices in each stage. This ranges from objectivism to subjectivism in epistemology; positivism to postmodernism in the theoretical perspective; experimental research to feminism in the methodology; sampling to case study in the data collection method, and life history to conversation analysis in the data analysis method. All of these alternatives depend on how a researcher responds to Crotty’s four essential questions, as mentioned before. These alternative choices can be seen in table 3.1.

Another view of research design comes from Creswell (2003). He re-conceptualized Crotty’s (1998) model by proposing three ‘modified’ central questions to the design of research: (1) What knowledge claims are being made by the researcher (including a theoretical perspective)? (2) What strategies of inquiry will inform the procedures? and (3) What methods of data collection and analysis will be used? The operational stages of Creswell’s (2003) model in selecting a research design are illustrated in figure 3.3.

Table 3.1: Alternative Choices in Each Stage of Selecting a Research Design

<b>Epistemology</b>	<b>Theoretical Perspective</b>	<b>Methodology</b>	<b>Methods</b>
Objectivism Constructionism Subjectivism (and their variants)	Positivism (and post-positivism) Interpretivism <ul style="list-style-type: none"> <li>• Symbolic interactionism</li> <li>• Phenomenology</li> <li>• Hermeneutics</li> </ul> Critical inquiry Feminism Postmodernism etc.	Experimental research Survey research Ethnography Phenomenological research Grounded theory Heuristic inquiry Action research Discourse analysis Feminist standpoint research etc.	Sampling Measurement and scaling Questionnaire Observation <ul style="list-style-type: none"> <li>• Participation</li> <li>• Non-participation</li> </ul> Interview Focus group Case study Life history Narrative Visual ethnography methods Statistical analysis Data reduction Theme identification Comparative analysis Cognitive mapping Interpretative methods Document analysis Content analysis Conversation analysis etc.
Note: the several ‘etceteras’ occurring in this table. It is not an exhaustive listing. Source: Crotty, 1998: 5			

Figure 3.3: Basic Principles of Creswell’s Research Design Model



(Source: conceptualized from Creswell’s views)

Creswell (2003) argues that the research process should begin by questioning what alternative knowledge will be used. This means that researchers start their studies with “certain assumptions about how they will learn and what they will learn during their inquiry” (Creswell, 2003: 6). Moreover, he notes that knowledge claims might be called paradigms by Lincoln and Guba (2000), Mertens (1998), and Sarantakos (1998, 2005), philosophical assumptions, epistemologies, and ontologies by Crotty (1998), or be broadly considered as research methodologies by Neuman (2000). He also proposes four domains of alternative knowledge claims; namely postpositivism, constructivism, advocacy or participatory, and pragmatism as presented in table 3.2.

Table 3.2: Alternative Knowledge Claim Positions

<b>Postpositivism</b> <ul style="list-style-type: none"> <li>• Determination</li> <li>• Reductionism</li> <li>• Empirical observation and measurement</li> <li>• Theory verification</li> </ul>	<b>Constructivism</b> <ul style="list-style-type: none"> <li>• Understanding</li> <li>• Multiple participant meaning</li> <li>• Social and historical construction</li> <li>• Theory generation</li> </ul>
<b>Advocacy/Participatory</b> <ul style="list-style-type: none"> <li>• Political</li> <li>• Empowerment issue-oriented</li> <li>• Collaborative</li> <li>• Change-oriented</li> </ul>	<b>Pragmatism</b> <ul style="list-style-type: none"> <li>• Consequences of actions</li> <li>• Problem-centered</li> <li>• Pluralistic</li> <li>• Real-world practice oriented</li> </ul>
Source: Creswell, 2003: 6	

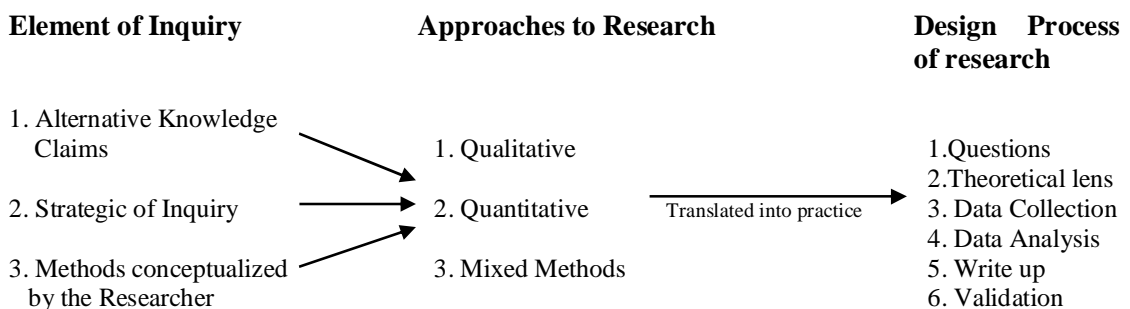
By surfacing assumptions about knowledge claims researchers are able to operate at a more applied level using strategies of inquiry, that provide specific directions for their procedures (Creswell, 2003). Strategies of inquiry are also called traditions of inquiry (Creswell, 1998), or methodologies (Mertens, 1998). Creswell (2003) argues that

strategies of inquiry can be experimental and non-experimental in quantitative approaches or they can include narrative, phenomenology, ethnography, grounded theory and case study designs in qualitative approaches; and sequential, concurrent and transformative in mixed methods approaches.

The third element of inquiry conceptualized by Creswell (2003) is the research methods of data collection and analysis. Based upon the knowledge claim and strategy chosen researchers have many possibilities to collect and analyze data, and the complete research design model is shown more completely in figure 3.4.

“It is useful to consider to full range of possibilities for data collection in any study and to organize these methods by their degree of predetermined nature, their use of closed-ended versus open-ended questioning, and their focus for numeric versus non-numeric data analysis Creswell (2003: 17)”.

Figure 3.4: Creswell’s Research Design Model



(Source: Creswell, 2003: 5)

Sarantakos (1998) proposes a modification of Crotty’s model (1998) when selecting research design. She proposes a model that involves the three stages of selecting a research paradigm, research methodology, and research method. She suggests that the

issue of locating a study in a field of inquiry and selecting a theoretical perspective in Crotty's model has interwoven stages and these should be compressed to a single stage, namely selecting a research paradigm. Sarantakos (1998:31) defines a paradigm as: "a set of propositions that explain how the world is perceived; it contains a world view, a way of breaking down the complexity of the real world, telling researchers and social scientists in general 'what is important, what is legitimate, what is reasonable.'"

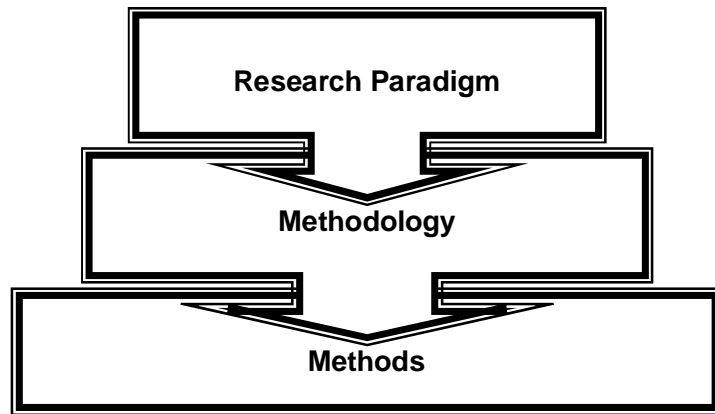
Based on the selected paradigm; the two final stages of Sarantakos' model involve selecting a methodology and a research method. Sarantakos (1998: 32) describes methodology as "a model, which entails theoretical principles as well as a framework that provides guidelines about how research is done in the context of a particular paradigm". It means that a methodology should be able to translate the research paradigm selected into a set of principles that show how the subject being studied can be approached, explored and explained. In the final stage, Sarantakos (1998) emphasizes that the researcher should be able to identify and choose the most suitable research method for data gathering and analysis based on the paradigm and methodology determined. The illustration of Sarantakos' (1998) research design in social research can be seen in figure 3.5.

Guba and Lincoln (2000) emphasize that a paradigm could be determined by answering ontological, epistemological and methodological questions, whereas Sarantakos (2005) modifies her research design (1998) into more detailed stages (see figure 3.6). Sarantakos (2005) describes ontology as informing the methodology about the nature of reality, while epistemology informs the methodology about the nature of knowledge.



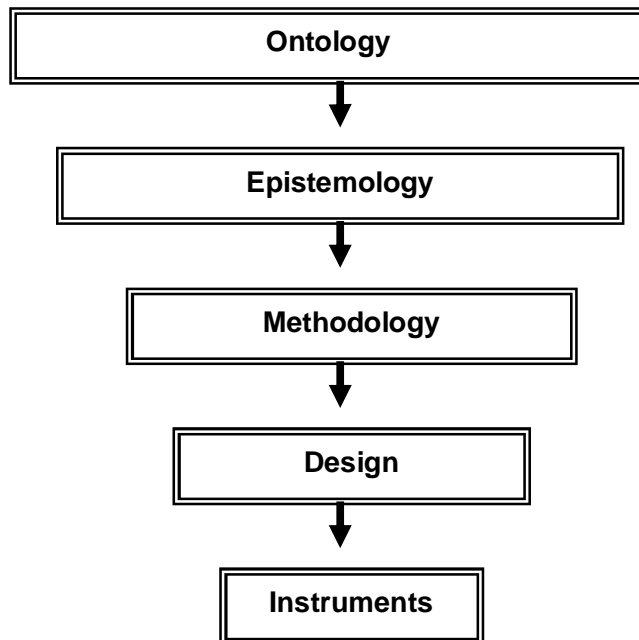
Thus, methodology gives instruction about the research design and more specifically and operationally, about the instruments of research.

Figure 3.5: Sarantakos' (1998) Research Design Model



(Source: conceptualized from Sarantakos' views)

Figure 3.6: Sarantakos' (2005) Research Design Model



(Source: Sarantakos, 2005: 29)

There are considerable overlaps among scholars in determining and describing the essential terms of research design, such as the paradigm, ontology, epistemology, theoretical perspective, knowledge claim, and strategy of inquiry. Consequently, they propose different research activities in each stage. However Burrell & Morgan (1979), Crotty (1998), Creswell (2003), and Sarantakos (1998, 2005) all suggest that the research process can be separated into three main stages, which are adopted in this thesis. This process begins by determining the most suitable paradigm, including the ontology and epistemology, for the study. This is followed by the selection of research methodology and then finalized by choosing a research method for collecting and analyzing the data. The next sections discuss these terms comprehensively.

### 3.3. Selecting a Research Paradigm

The paradigm refers to a fundamental view or broad view of life that affects the way particular aspects of reality are understood (Burrell & Morgan, 1979). The paradigm is the general perspective or a way of thinking that reflects fundamental beliefs and assumptions made about the nature of something. Kuhn (1970: 175) describes this as:

“A paradigm is a set of beliefs, values and techniques which is shared by members of scientific community, and which as a guide or map, dictating the kinds of problems scientists should be address and the types of explanations that are acceptable to them”.

Similarly, Guba (1990), Guba and Lincoln (1998), and Lincoln and Guba (2000) emphasize that a paradigm is a set of basic beliefs (metaphysics) or the first principles in understanding the worldview of life. Moreover, they stress that this basic belief system is based on ontological, epistemological, and methodological assumptions.

“...Our concern here, however, is with those paradigms that guide disciplined inquiry... all these past paradigms, as well as the emergent contenders, can be characterized by the way their proponents respond to three basic questions, which can be characterized as the ontological, the epistemological, and the methodological questions (Guba, 1990: 18)”.

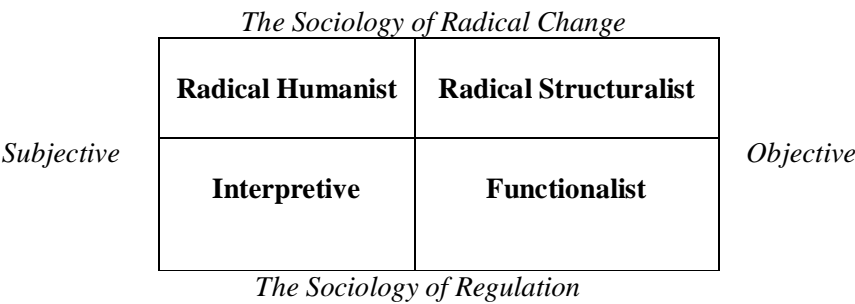
It is undoubted that the paradigm has an essential role in shaping the basic research (Burrell & Morgan, 1979; Crotty, 1998; Guba, 1990; Patton, 1990, 2000; Sarantakos, 1998, 2005). In other words, the research paradigm defines how researchers view the world, how they relate to the object studied, and what they see as the nature of reality.

There are many views on identifying the choice of paradigms that can be employed by researchers to guide their studies. Burrell and Morgan (1979) propose four major paradigms, namely interpretive, functional, radical humanism, and radical structuralism. Sarantakos (1998, 2005) argues for only three paradigms, they are positivistic, interpretive and critical. While Guba (1990) and Guba & Lincoln (1998) suggest four paradigms: positivism, post positivism, critical theory and constructivism. Based on Heron (1996) and Heron and Reason (1997) work Lincoln and Guba (2000) propose another paradigm, namely participatory. This means Lincoln and Guba (2000) mention five paradigms; positivist, post positivist, critical theory, constructivist and a participatory paradigm, that can be employed to observe the complexity of social realities.

Burrell and Morgan (1979) contribute a fundamental model on how to break down the complexity of the real world. Based on the assumption that the nature of science can be

thought of along a subjective-objective dimension and society can be analyzed along a continuum from regulation to a radical change dimension, four distinct paradigms can then be identified; namely interpretive, functional, radical humanism, and radical structuralism. The interaction among these is illustrated in figure 3.7.

Figure 3.7: Four Paradigms for the Analysis of Social Theory



(Source: Burrell & Morgan, 1979: 22)

Burrell and Morgan (1979) moreover explain that the functionalist paradigm seeks to provide an essentially rational explanation of social affairs and it is characterized by an objective point of view. Hence, this approach tends to be realistic, positivist, determinist and nomothetic. In contrast, the interpretive paradigm relates to understanding the fundamental nature of the social world; it uses a more subjective approach to analyze the social world. It is not surprisingly that this paradigm tends to be nominalist, anti-positivist, voluntarist and ideographic.

From the sociology of radical change standpoint, the radical structuralist has the same perspective as the functionalist, as an objectivist. However, radical structuralism is more concerned with structural relationships within the social world. In contrast, the

subjective stands point to both the radical humanist and interpretive paradigm. The environment that individuals interact with dominates human consciousness, and this drives the cognitions between the individual and true consciousness (Burrell & Morgan, 1979: 32).

Further discussion about the research paradigm is proposed by Sarandakos (1998). She offers three distinguish paradigms to investigate the complexity of the real world, namely positivist, interpretive (or naturalist) and critical. To identify the similarities and or differences, she analyses the paradigms from four different perspectives; they are the perception of reality, the perception of human beings, the nature of science, and the purpose of research, as illustrated in table 3.3.

Although these three paradigms, especially the positivist and interpretive, can be distinguished theoretically the situation is more complex in reality. Moreover, there is a grey area between the interpretive and critical paradigms, as mentioned by Sarantakos (1998: 33):

“It must be noted that although there is a clear distinction between the positivist paradigm on the one hand and the other paradigm on the other, the distinction between the critical and the interpretive, although significant, is rather weaker... with regard to the methodological issues, although the positivist and the non-positivist paradigms may considered incompatible, the critical and the interpretive paradigms are not”.

Table 3.3: Theoretical Perspectives in the Social Sciences

Criterion	Positivist	Interpretive	Critical Perspective
<b>Reality is...</b>	<ul style="list-style-type: none"> <li>• objective, 'out there', to be 'found' perceived through the senses</li> <li>• perceived uniformly by all</li> <li>• governed by universal laws</li> <li>• based on integration</li> </ul>	<ul style="list-style-type: none"> <li>• subjective, in people's mind</li> <li>• created, not found interpreted differently by people</li> </ul>	<ul style="list-style-type: none"> <li>• both out there and people's minds</li> <li>• complex: appearance is not reality</li> <li>• created by people not by nature</li> <li>• in tension/ full of contradictions</li> <li>• based on oppression and exploitation</li> </ul>
<b>Human beings are...</b>	<ul style="list-style-type: none"> <li>• rational individuals</li> <li>• obeying external laws</li> <li>• without free will</li> </ul>	<ul style="list-style-type: none"> <li>• creator of their world</li> <li>• making sense of their world</li> <li>• not restricted by external laws</li> <li>• creating systems of meanings</li> </ul>	<ul style="list-style-type: none"> <li>• creators of their destiny</li> <li>• oppressed alienated, exploited, restricted</li> <li>• brainwashed, misled, conditioned</li> <li>• hindered from realizing their potential</li> </ul>
<b>Science is...</b>	<ul style="list-style-type: none"> <li>• based on strict rules and procedures</li> <li>• deductive</li> <li>• relying on sense impressions</li> <li>• value free</li> </ul>	<ul style="list-style-type: none"> <li>• based on common sense</li> <li>• inductive</li> <li>• relying on interpretations</li> <li>• not value free</li> </ul>	<ul style="list-style-type: none"> <li>• conditions shape life but can be changed</li> <li>• emancipating, empowering</li> <li>• relying n sense impressions &amp; values</li> <li>• not value free</li> </ul>
<b>Purpose of research:</b>	<ul style="list-style-type: none"> <li>• to explain social life</li> <li>• to predict course of events</li> <li>• to discover the laws of social life</li> </ul>	<ul style="list-style-type: none"> <li>• to interpret social life</li> <li>• to understand social life</li> <li>• to discover people's meaning</li> </ul>	<ul style="list-style-type: none"> <li>• to explain</li> <li>• to disclose myths and illusions</li> <li>• to emancipate and empower</li> </ul>
Source: Sarantakos, 1998: 40			

Lincoln and Guba (2000) propose five paradigms to observe the complexity of the social sciences namely positivism, post positivism, critical theory, constructivism and participatory. The characteristics of each paradigm can be determined by answering three fundamental questions; these are the ontological, epistemological, and methodological questions. Ontology relates to what is the form and nature of reality and,

therefore, what is there that can be known about it. Epistemology tells about what is the nature of the relationship between the knower or would be knower and what can be known. While, methodology answers the question of how can the inquirer (would be knower) go about finding out whatever he or she believes can be known (Guba, 1990: 19; Guba & Lincoln, 1998: 108; Lincoln & Guba, 2000). These different characteristics of paradigms are shown in table 3.4.

Although Lincoln and Guba (2000) mention the different meanings and levels of analyses of paradigm, ontology, epistemology, methodology, and method, it should also be noted that these terms quite often are used interchangeably in the literature (also see Burrell & Morgan, 1979; Crotty, 1998; Morgan, 1983; Sarantakos, 1998, 2005; Jones 2002). Therefore it is important for researchers to make sure that they are able to breakdown these levels of analysis so the research process is consistently and clearly informed.

Based upon the above discussion, Burrell & Morgan (1979), Guba (1990), Guba and Lincoln (1998), Lincoln and Guba (2000), and Sarantakos (1998, 2005) all agreed that there are two main paradigms in social research, they are positivism (or as Burrell & Morgan call functional) and interpretive (which Guba & Lincoln called as constructivism). Although post positivism, critical theory and participatory paradigms exist and are practiced by researchers, these paradigms can be categorized as a 'modification' of the main domain paradigms (positivism and interpretive). This is because at the heart of the basic idea, these paradigms refer to positivism or interpretivism.

Table 3.4: Basic Belief of Alternative Inquiry Paradigm

Issue	Positivism	Postpositivism	Critical Theory et al.	Constructivism	Participatory
<b>Ontology</b>	<i>Naïve realism</i>  “real” reality but apprehendable	<i>Critical realism</i>  “real” reality but only imperfectly and probabilistically apprehendable	<i>Historical realism</i>  virtual reality shaped by social, political, cultural, economic, ethnic, and gender values crystallized overtime	<i>Relativism</i>  local and specific construct realities	<i>Participative reality</i>  subjective-objective reality, corrected by mind and given cosmos
Epistemology	<i>Dualist/objectivist;</i>  finding true	<i>Modified dualist/objectivist</i>  critical tradition/community; finding probably true	<i>Transactional/subjectivist;</i>  value mediated findings	<i>Transactional/subjectivist;</i>  created finding	<i>Critical subjectivity in participatory in transaction with cosmos;</i>  extended epistemology of experiential, propositional, and practical knowing; cocreated finding
<b>Methodology</b>	<i>Experimental/manipulative;</i>  verification of hypotheses; chiefly quantitative methods	<i>Modified experimental/manipulative;</i>  critical multiplism; falsification of hypotheses, may include qualitative methods	<i>Dialog/dialectic</i>	<i>Hermeneutic/dialectic</i>	<i>Political participation in collaborative action inquiry;</i>  primacy of the practical; use of language grounded in shared experiential context
Source: Lincoln & Guba, 2000: 168					

### 3.3.1. Research Paradigm Selected: Interpretive

Audet, Landry, and Dery (1986), Behling (1980), Lincoln and Guba (1985), and Rorty (1987) identify that most organizational investigations are mainly driven by the natural



science model or as Kuhn (1970) suggests the dominant “normal science” paradigm. By utilizing the positivist-functionalist paradigm, researchers assume that the nature of organizations is objective, ‘out there’, and can be explored as a single meaning (Burrell & Morgan, 1979; Guba, 1990; Guba & Lincoln, 1998; Lincoln & Guba, 2000; Sarantakos, 2005). In other words, the meaning of realities can be captured in a straight forward, simple way that do not need to find out the hidden meanings within the topic. Hence, researchers tend to employ a deductive approach by proposing appropriate hypotheses about the organizational world and then test these using statistical analyses. Unsurprisingly Gioia and Pitre (1990: 585) state “the functionalist paradigm is characterized by an objective view of the organizational world with an orientation toward stability or maintained the status quo”.

The positivist-functionalist approach becomes problematic as organizations can also be viewed as complexly structured organism (Morgan, 1997), which constantly changes overtime. An organization is a multifaceted social construct with a complex interaction internally and externally. To survive an organization has to follow the flow of change, and interact with and adapt to their dynamic social environment. This calls the social facts and assumptions of stability into doubt. The assumption that the nature of organizations is objective, ‘out there’, and can be explored as a single meaning are challenged by the new belief that the nature of organizations is subjective, ‘in here’, and consists of multiple realities (Burrell & Morgan, 1979; Lincoln & Guba, 2000; Sarantakos, 2005). Interpretivists consider the meaning depends on what the organizations’ members think, feel, experience, understand, interpret and construct of their reality; these are not framed by the researcher.

To provide a genuine picture of SHRM within the Indonesian context it is imperative to explore if and how SHRM is experienced by organizational members, in this case HR managers. What the HR managers think, feel and experience are considered the best source for this study because they are the people most closely related to the subject being studied.

By conceptualizing what HR managers think, feel and experience the phenomena of SHRM can be explored as it exists in practice. Therefore, this study aims to generate a theoretical framework of SHRM that represent the realities of practice in Indonesia. Accordingly, the research is based in an interpretive paradigm, using a qualitative approach that recognizes humans construct their reality. As Burrell and Morgan (1979: 28) explain:

“The interpretive paradigm is informed by a concern to understand the world as it is, to understand the fundamental nature of the social world at the level of subjective experience. It seeks explanation within the realm of individual consciousness and subjectivity, within the frame of reference of the participants opposed to the observer of action”.

The meaning of reality is constructed by the lived experience and individuals can construct multiple social realities (Burrell & Morgan, 1979). Accordingly, understanding the process or experience constitutes the knowledge gained from an inductive hypothesis, or theory generating mode of inquiry, as an alternative to deductive inquiry or testing theory (also see Creswell, 2003; Crotty, 1998; Lincoln & Guba, 2000; Sarantakos, 2005).

Interpretivists believe that life is self-referential, and ‘things’ or events are what the mind makes of them (Tsoukas, 1998). In this way, events are viewed as dynamic and they change our opinions as they unfold, which influences our understanding and interpretation (Schwandt, 2000). To gain further understanding, the researcher needs to explore the subjective meaning. Remenyi et al. (1998: 35) underline that the interpretive approach is based on understanding “the details of the situation, to understand the reality or perhaps the reality working behind them”.

Working within the interpretive paradigm, the researcher needs to analyze the world as a ‘socio-psychological series’, despite the relationship the researcher forms with participants, to ensure the subject can be fully explored (Lincoln & Guba, 2000). To achieve this, Glasser (1992) emphasizes that researcher must have sufficient knowledge of the research area to be able to interpret phenomena systematically.

### **3.3.2. Research Ontology Selected: Constructivist**

The Ontology of a study describes ‘the nature of reality’ (Burrell & Morgan, 1979; Creswell, 1998; Guba & Lincoln, 1998; Sarantakos, 2005). Moreover, Hughes and Sharrock (1997: 5) explain that the main question of ontology is “what kinds of things really exist in the world?” Since the nature of realities are complex, ontologically they should be explored carefully, as Masson (2002: 14) underlines:

“Ontology can seem like a difficult concept precisely because the nature and essence of social things seem so fundamental and obvious that it can be hard to see what there is to conceptualize. In particular, it can be quite difficult to grasp the idea that it is possible to have an ontological position or perspective (rather than simply to be familiar with the

ontological components of the social world), since this suggests that there may be different version of nature and essence of social things”.

Since the questions posed for this study are about SHRM in the Indonesian environment, they need to be constructed in a way that is relevant to the prevailing societal constructs. In other words, the answers to the research questions are discovered through what is constructed by the respondents (Firestone, 1987). Based on this rationale, the most suitable ontology for this study is constructivist (Crotty, 1998; Creswell, 2003; Guba & Lincoln, 2000; Sarantakos, 2005)

The constructivist approach is a quest to understand the construction and reconstructions that people hold (including the inquirer), before and during research activity (Guba and Lincoln, 1998). This ontology allows reinterpreting and reconstructing of the data in a contextual setting. Moreover, evaluation standards of reality and validity are not absolute, but tend to be derived from community consensus considering what reality is, what is useful, and what has meaning (Lincoln & Guba, 2000; Bradley & Schaefer, 1998). There are multiple personally and socially constructed versions of reality. Guba and Lincoln (1989: 110) describe the constructivism ontology by saying:

“Realities are apprehendable in the form of multiple, intangible mental construction, socially and experientially based, local in specific in nature (although elements are often shared among many individuals and even cross cultures), and dependent for their form and content on the individual persons or group holding the constructions”.

Constructivism occurs when we interpret and use our knowledge to construct a meaningful reality out of the interactions between human beings and their world (Crotty, 1998: 42). Such an approach recognizes that this reality is developed and transmitted

within specific social contexts. Therefore, depending on the situation and context, there can be multiple constructions or views of reality (Creswell, 1998; Whiteley, 2002). This is quite different from the approach taken in quantitative studies, where the ontological assumption is that there are single realities. Therefore, this study will concentrate on the reality constructed by the participants involved in the research situation, rather than building on apriori knowledge or theory.

To maintain of constructivist ontology, the researcher followed the guidelines for constructivist research recommended by Guba and Lincoln (1989: 83):

1. The researcher-respondent relationship is subjective, interactive, and interdependent
2. Reality is multiple, complex, and not easily quantifiable.
3. The values of the researcher, respondents, research site, and underlying theory cannot help but underpin all aspects of the research.
4. The research products (e.g. interpretations) are context specific.

### **3.3.3. Research Epistemology Selected: Subjective**

Sarantakos (2005: 30) defines epistemology as “the nature of knowledge” or “what counts as a fact and where knowledge is to be sought”. Similarly, Masson (2002: 16) describes epistemology as “questions about what we regard as knowledge or evidence of things in the social world”. More specifically, Creswell (1998: 76) explains that epistemology is “the relationship between the inquirer and the known”; while Hughes and Sharrock (1997: 5) underline that the key question of epistemology is “How is it possible, if it is, for us to gain knowledge of the world?” In summary, epistemology can be seen as the theory of knowledge that is concerned with the principles and rules of

deciding how social phenomenon can be known, and how knowledge can be demonstrated.

As the aim of this study is primarily to understand the reality of SHRM within Indonesian context, as constructed by the subjects, thus the subjective epistemology was considered as most appropriate for this study (Crotty, 1998; Lincoln & Guba, 2000; Sarantakos, 2005). The epistemology selected was operationalized in tandem with the interpretive-constructivist approaches to build a picture of the participants' reality, as recommended by Denzin and Lincoln (2000).

In this study, the researcher interacted with the participants and asked for their responses to open ended questions about SHRM in Indonesia. Respondents were asked to express their independent views on a combination of opinions, experiences, feelings, and facts.

In a qualitative study, the researcher needs to interact with their subjects (Creswell, 1998). This may mean that the researcher can have greater personal investment in the data (Casell & Symon, 1994a, 1994b) and runs the risk of explicitly or overtly applying his or her own subjective interpretations and understanding to the phenomena under study. As a subjectivist, the focus needs to be kept on the 'inner' world of experiences, rather than the world 'out there'. The researcher needs to focus on the meanings that people give to the environment, not the environment itself (May, 2001). It was critical that objectivity was maintained to prevent or minimize distortion or bias in the interpretation of the phenomenon.

### 3.4. Selecting a Research Methodology

As mentioned earlier, when the complex process of determining the most suitable paradigm is resolved, the research methodology can be determined. In simple terms, the methodology translates the principles of the paradigm into a research language to show how the world can be explained, handled, approached or studied (Creswell, 2003; Crotty, 1998; Neuman, 2000; Sarantakos, 1998, 2005; Strauss & Corbin, 1998).

Strauss and Corbin (1998: 3) define methodology as “a way of thinking about and studying social reality”. Whereas, Crotty (1998: 3) explains that methodology is “the strategy, plan of action, process or design lying behind the choice and use of particular methods and linking the choice and use of methods to the desired outcomes”. More operationally, Sarantakos (2005: 30) explains, “methodology is research strategy that translates ontological and epistemological principles into guidelines that show how research is to be conducted”. Methodology provides the theoretical foundations and operational considerations for conducting research. Moreover, Ruane (2005) emphasizes that methodological rules have important roles to minimize the likelihood of error and give the researchers confidence that their findings are accurate or error free.

To guide researchers, methodology can be seen from two perspectives (Sarantakos, 1998). First, a methodology is identical to a research model employed by a researcher in particular study. Consequently, every single study has a distinct methodology and the methodology will vary from study to study. Second, the methodology relates to the theoretical and more abstract context but should be consistent with a distinct paradigm

that translates into research principles and research practices (Burrell & Morgan, 1979; Creswell, 1998, 2003; Crotty, 1998; Drisko, 1997) and is also contingent with the nature of phenomena being explored (Guba, 1990; Guba & Lincoln, 1989; Morgan & Smirchich, 1980; Patton, 2000).

#### **3.4.1. Research Methodology Selected: Qualitative Research**

The right choice for the methodology depends on the research paradigm, ontology and epistemology (Burrell & Morgan, 1979; Creswell, 1998, 2003; Crotty, 1998; Sarantakos, 2005). Consistent with the interpretive paradigm, constructivist ontological, and subjective epistemological selected, a qualitative methodology was determined as the most suitable methodology for this study (Burrell & Morgan 1979; Cassell & Symon, 1994a, 1994b; Creswell, 1998, 2003; Crotty, 1998; Drisko, 1997; Kvale, 1996; Sarantakos, 1998). As qualitative research, this study is based on a non-positivist, natural setting, it is discovery oriented, and uses an inductive approach to build a holistic picture of SHRM practices within Indonesian.

The researcher believes a qualitative methodology was superior for this study as it allowed a contextual evaluation of the data. The origin of SHRM are from western societies, where the concept is now relatively well developed (e.g. Bach, 2005; Bamberger & Meshoulam, 2000; Boxall & Purcell, 2008; Lengnick-Hall et al., 2009). However, Indonesian businesses operate within a culture and context, which is very different from the west (Hofstede & Hofstede, 2005; Trompenaars & Hampden-Turner, 1998). This difference needs to be taken into consideration and should provide a deeper understanding of how SHRM is operationalized in Indonesia. This methodology allows



the researcher to produce descriptive data from the written or spoken words of the participants and other observable data resources (Taylor & Bogdan, 1998).

Creswell (1998: 17-18) mentions reasons why qualitative approach is recommended. These include the nature of the research question and the topic needs to be explored. Other reasons are because of the need to present a detailed view of the topic in order to study individuals in their natural setting. Because of interest in writing in a literary style and there is sufficient time and resources for extensive data collection in the field and detailed data analysis of text information. A final reason is that the audience is receptive to qualitative research.

Marshall and Rossman (1989: 46) point out the rationale for when qualitative research is the most suitable methodology:

- Research that cannot be done experimentally for practical or ethical considerations.
- Research that delves in depth into complexity and processes.
- Research for which relevant variables have yet to be identified.
- Research that seeks to explore the where and why of policy, folk wisdom and practice.
- Research on unknown societies or innovative systems.
- Research on informal and unstructured linkages and process in organizations.
- Research on real, as opposed to stated, organizational goals.

Guba and Lincoln (1989: 59-61) recommend that qualitative research should be employed when a 'conventional' methodology (quantitative-positivist) is not able to capture some critical problems, these are:

- Conventional methodology does not contemplate the need to identify stakeholders and solicit claims, concerns and issues from them. Conventional researchers do not see the reason to discover which persons or groups are those who may construct knowledge about states of affairs or what they believe to be the case.
- The positivist paradigm serves to verify rather than discover a posture. Without discovery, hypotheses are not grounded but arise as a creative invention.
- Conventional methodology does not take account of contextual factors, except to physically or statistically measure them.
- Conventional methodology does not provide a means for making evaluative assessments on a situation-by situation basis.
- Conventional methodology's claim to be value-free makes it a dubious instrument for investigating judgments about some entity.

A Qualitative study allows researchers to investigate perspectives that are often beyond the reach of a quantitative study, as Gillham (2000: 11) states qualitative studies:

- explore complexity that are beyond the scope of more controlled approaches
- get under the skin of a group or organization to find out what really happens –this is the informal reality which can only be perceived from inside
- view the case from the inside out: to see it from the perspective of those involved.

Creswell (1998) categorizes qualitative research into five traditions of inquiry; these are biography, phenomenology, grounded study, ethnography, and case study. Biographical research relates to the study of an individual and her or his experiences, whereas the phenomenological study describes the meaning of lived experiences for several individuals about a concept. A grounded study generates or discovers theory from a phenomenon that relates to a particular situation, ethnography describes and interprets a cultural or social group or system, while a case study explores a bounded system or a case (or multiple cases) over time to provide detail and richness about that context. The characteristics for each tradition are presented in table 3.5.

Table 3.5: Dimension for Comparing Five Research Traditions in Qualitative Research

Dimension	Biography	Phenomenology	Grounded Theory	Ethnography	Case Study
<b>Focus</b>	Exploring the life of an individual	Understanding the essence of experiences about a phenomena	Developing a theory grounded in data from the field	Describing and interpreting a cultural and social group	Developing an in-depth analysis of a single case or multiple cases
<b>Discipline origin</b>	Anthropology, Literature, History, Psychology, Sociology	Philosophy, Sociology, Psychology	Sociology	Cultural Anthropology, Sociology	Political science, Sociology, Evaluation, Urban studies, other social sciences
<b>Data Collection</b>	Primarily interviews and documents	Long interview	Interviews with individuals to 'saturate' categories and detail a theory	Primarily observations and interviews with additional artifacts during extended time in the field (e.g., 6 months to a year)	Multiple sources documents, archival records, interviews, observations, physical artifacts

To be continued in the next page.

Table 3.5 continued

<b>Dimension</b>	<b>Biography</b>	<b>Phenomenology</b>	<b>Grounded Theory</b>	<b>Ethnography</b>	<b>Case Study</b>
<b>Data Analysis</b>	Stories, Epiphanies, Historical content	Statements, Meaning, Meaning themes, General description of the experience	Open coding, Axial coding, Selective coding, Conditional matrix	Description, Analysis, Interpretation	Description, Themes, Assertions
<b>Narrative Form</b>	Detailed picture of an Individual's life	Description of the 'essence' of the experience	Theory or Theoretical model	Description of the cultural behaviour of a group or an individual	In-depth study of a 'case' or 'cases'
Source: Creswell, 1998: 65					

### 3.4.2. The Qualitative Methodology Selected: Grounded Theory

An underlying assumption in this study is that there is little evidence of SHRM studies within Indonesia and no apparent evidence that a theory of SHRM within the Indonesian context has been established (Bennington & Habir, 2003; Gunawan & Nankervis, 2006; Habir & Larasati, 1999; Habir & Rajendran, 2007; Prijadi & Rachmawati, 2002; Singleton & Nankervis, 2007). Accordingly, the main purpose of this study is to discover and delineate how SHRM is practiced by Indonesian organizations. Furthermore, this study intends to develop a theoretical model of SHRM within the Indonesian context.

Considering the motivation of the study in terms of developing a theoretical model and answering research questions that are consistent with an interpretive paradigm, constructivist ontology, subjective epistemology, and qualitative methodology, the researcher strongly believes that grounded theory is the most suitable methodology for this study. Moreover, in terms of organizational studies, Lee (1999), Martin and Turner

(1986) mention that grounded theory is important to management scientists because of its broad applicability to many organizational issues and prevalence (also see Cassell & Symons, 1994b; Goulding, 2002)

The aim of grounded theory research is to develop substantive or formal theory, and thus is a means of explaining social process (Creswell, 1998; Glaser, 1995a, 1995b, 1998; Glaser & Strauss, 1967; Strauss, 1987; Strauss & Corbin, 1998). Grounded theory proposes generating theory from information demonstrated within data that is drawn from a social unit of any size, large or small (Glaser & Strauss, 1967). In simple words, grounded theory can be defined as “the discovery of theory from data” (Glaser & Strauss, 1967: 1). Vaughan (1992) calls this process ‘theoretical elaboration’. More completely, Charmaz (2000: 509) explains:

“Essentially, grounded theory methods consist of systematic inductive guidelines for collecting data and analyzing data to build middle-range theoretical frameworks that explain the collected data. Throughout the research process, grounded theorists develop analytic interpretations of their data to focus further data collection, which they use in turn to inform and refine their developing theoretical analysis (Charmaz, 2000: 509)”.

Grounded theory was developed by Barney Glaser and Anselm Strauss in the sixties (Glaser, 1978, 1992; Glaser & Strauss, 1967; Straus, 1987). The roots of grounded theory lie in symbolic interactionism which was developed in the early 1900s by George Herbert Mead (1959); a social psychologist who was influenced by American pragmatism and particularly the views of John Dewey (Hammersley, 1989; Morris, 1977; Strauss, 1993). Pragmatists suggest that individuals are self-aware; they are able to see themselves from the perspective of others and therefore adapt their behavior

according to the situation. In other words, human beings go through a continual process of adaptation in the constantly changing social world (Mead, 1959). Moreover, these social interactions create meaning and shape society via shared meanings so that the affect of society is predominant over individuals.

Herbert Blumer (1937, 1969) further developed Mead's views and invented symbolic interactionism. It can be said that Mead contributed the philosophical underpinning, while Blumer moved symbolic interactionism forward to a sociological theory and a research approach (Hammersley, 1989; Schwandt, 1994, 2000). As a research approach, symbolic interactionism emphasizes two important issues; the researcher needs to explicate the process by which meaning is developed from the represented interactions between or among human beings, and that these meanings are understood only through interpretation (Schwandt, 1994). Moreover, meaning is sense making rather than definitive and gains utility and significance from patterned relationships, rather than quantifiable correlations (Blumer, 1956, 1969).

Glaser and Strauss (1967) propose that grounded theory promotes 'intellectual creativity' for the purpose of developing theory (Turner, 1981: 225), as a response to the trend among researchers at that time which concentrated on hypothesis testing, validation and verification (Locke, 1996). In contrast with logico-deductive empirical studies in mainstream research, Glaser and Strauss (1967) proposed a new approach in generating theory that is grounded and systematically derived from data to develop a well grounded theory that describes, interprets and predicts the phenomenon of interest (also see Charmaz, 2000; Creswell, 1998; Goulding, 2002; Patton, 2000; Strauss &

Corbin, 1990, 1994 & 1998; Whiteley, 2000). Many studies have utilized grounded theory across a wide range of disciplines such as sociology, nursing, anthropology, health sciences, business and management (Glaser, 1995a, 1995b). More specifically, grounded theory has been the dominant qualitative method of organizational studies published in organizational science and management journals (Lee, 1999).

The main purpose of a grounded theory study is to generate a theory or conceptual proposition and this is the most suitable methodology when phenomena are not well understood or have not been studied before (Charmaz, 2000; Glaser & Strauss, 1967; Lee, 1999; Strauss & Corbin, 1998). This is the case with SHRM in Indonesia where research into SHRM is not well developed yet. Grounded research principles allow the ‘grey area’ of SHRM within the Indonesian context to be explored and investigated thoroughly. More importantly, a theoretical framework of SHRM can be developed that suits that context.

### 3.5. Research Method: Grounded Theory

Since grounded research is selected for this study data collection and analysis also need to follow grounded research principles. Moreover, Glaser (1998) and Strauss and Corbin (1998) mention that grounded theory can be categorised as both a methodology and a research method (also see Charmaz, 2000, 2006; Creswell, 1998; Glaser, 1992, 1995a, 1995b; Goulding, 2001; Miles & Huberman, 1994). The grounded research approach is not only a model to provide theoretical principles and frameworks for the research or “a

way of thinking about and conceptualizing data”; but it is also a procedure or guideline on how to collect and analyze data (Strauss & Corbin, 1994:275)

In terms of data collection and data analysis, three principles occur simultaneously throughout the whole research process: theoretical sampling, data coding, and the constant comparative method (Charmaz, 2000, 2006; Glaser, 1992, 1995a, 1995b, 1998; Glaser & Strauss, 1967; Strauss & Corbin, 1998). Theoretical sampling refers to continuous data collection based upon emerging issues to achieve theory saturation. Data coding is concerned with the procedure of disaggregating the data and breaking it down into manageable segments, then identifying or naming those segments. The constant comparative method relates to the strategy of comparing and asking questions. Embedding these into the entire of research process sharpen the researcher’s thinking and help him or her understand what is in the data.

### **3.5.1. Data Collection Method**

In qualitative research, interviews have an essential and fundamental role in data gathering. Interviews are the main data collection method to investigate the nature of reality being studied (Creswell, 1998, 2003; Fontana & Frey, 1994, 2000; Whiteley et al., 1998). Interviews can provide researchers with insights into the participants’ thoughts, knowledge, feelings, memories, and experiences, in their own words, rather than those of the researcher. More importantly, through interviewing, the phenomena being studied can be explored independently from the real actors, so the richness and originality of data can be uncovered.



“The purpose of interviewing is to allow us to enter into the other person’s perspective. Qualitative interviewing begins with assumption that the perspective of others is meaningful, knowable, and able to be made explicit. We interview to find out what is in and on someone else’s mind, to gather their stories (Patton, 2000: 341)”.

The basic principle in grounded research is that data is collected continuously, as it follows up the emerging issues or coding from previous respondents. This means that respondents have a pivotal role in helping to reach saturation of knowledge. Creswell (1998) provides a simple guide to the main activities in data collection within the grounded theory tradition, as summarized in table 3.6.

Table 3.6: Data Collection Activities in Grounded Theory Research

Data Collection Activity	Grounded Theory
What is traditionally studied? (Site/Individual)	Multiple individual who have responded to action or participated in a process about a central phenomenon
What are typical access and rapport issues? (access and rapport)	Multiple individual who have responded to action or participated in a process about a central phenomenon
How does one select sites or individuals to study? (purposive sample strategies)	Finding a homogeneous sample, a “theory based” sample, a “theoretical sample”
What type of information typically is located? (forms of data)	Primarily interviews with people to achieve in the theory
How is information recorded? (recording information)	Interview protocol, memos
What are common data collection issues? (field issues)	Interviewing issues (e.g. logistics, openness)
How information is typically stored? (storing data)	Transcriptions, computer files
Source: Creswell, 1998: 112-113	

### **3.5.1.1. Sample Technique: Theoretical Sampling**

Samples in qualitative research reflect the primary objective of developing an in-depth understanding of the particular phenomenon being studied (Jones, 2002); so the focus of qualitative research is on ‘depth’ information, not on ‘numbers’ of participants. The emphasis is on gathering rich information about a small number of people or organizations rather than a limited amount of information about a large number of people or organizations (Ticehurst & Veal, 2000). Thus, questions about an appropriate sample size have less to do with the actual number of participants or cases and much more to do with the quality and depth of information elicited through the research process (Jones, 2002: 465). Compared to quantitative inquiry, Creswell (1998) characterizes qualitative researcher as relying on a few cases and many variables, rather than few variables and many cases. Generally speaking, qualitative researchers are prepared to sacrifice scope for detail (Silverman, 2005: 9). Moreover, Patton (2000) clearly stated:

“There are no rules for sample size in qualitative inquiry. Sample size depends on what you want to know, the purpose of inquiry, what is at stake, what will be useful, what will have credibility, and what can be done with available time and resources... I repeat, the size of sample depends on what you want to find out, why you want to find it out, how the findings will be used, and what resources (including time) you have for the study (Patton, 2000: 244)”.

“The validity, meaningfulness, and insight generated from qualitative inquiry have to do with the information richness of the cases selected and the observational/analytical capabilities of the researcher than with the sample size (Patton, 2000: 245)”.

Consistent with grounded theory principles, this study employed theoretical sampling for data gathering. Data were collected from 63 HR managers across four different industry

sectors; these being the hotel, hospital, textile, and agriculture sectors. The respondents were drawn from cities in eight different states or provinces; these being Solo in Central Java, Yogyakarta in Special Territory of Yogyakarta, Jakarta in the Indonesian Capital Territory, Denpasar in Bali, Padang in West Sumatra, Medan in North Sumatra, Banjarmasin in South Kalimantan, and Makassar in South Sulawesi. The initial strategy was to collect data from companies in Yogyakarta, Solo, and Jakarta only, to contain time, accessibility, and cost. However, the preliminary interviews identified that local attributes, such as the local culture and local government regulations, were important variables in managing people, so the scope of the data collection was widened.

HR managers were selected because this study sought to investigate the implementation of SHRM, so participants needed to be at a managerial or strategic level (not operational level). Consequently, the respondents need to be people who were able to provide rich information and understandings of managerial or strategic practices based on their knowledge, feeling, and experiences. Patton (2000) recommends that decision about who are the most appropriate participants for a qualitative study come from reviewing the research questions that guide the study, to determine who can provide the richest information. Furthermore, the sample can be composed of people, behaviors, events or processes (Marshall & Rosman, 1995).

The need to be flexible when adopting the theoretical sampling principles is strongly underlined by Glaser and Strauss (1967: 46): “The basic question in theoretical sampling (in either substantive or formal theory) is: what groups or subgroups does one need in data collection and for what theoretical purpose?” The reason for this is to ensure

sufficient data is captured to collect the breadth and depth of available information and achieve saturation. Data collection took nearly one year, including identifying potential participants, sending invitation letters, contacting respondents via telephone and or email then organizing a time and venue for the interviews.

This study did not provide equal numbers of organization in each type of industry, or equal numbers and types of industry in each city. As mentioned earlier, this study employs theoretical sampling –not statistical sampling. This emphasizes richness of data and theoretical saturation rather than the number and distribution of the sample. The number and the diversity of data for theoretical sampling inquiries focuses more on achieving saturation.

“The adequate theoretical sample is judged on the basis of how widely and diversely the analyst chose his groups for saturating categories according to the type of theory he wished to develop. ...the researcher who generates theory need not combine random sampling with theoretical sampling when setting forth relationship among categories and properties (Glaser & Strauss, 1967: 63)”.

#### **3.5.1.2. Preliminary Interviews: Unstructured Interviews**

SHRM practice within the Indonesian context is a relatively new area of study. The researcher was also aware that the existing frameworks have been developed in western societies, and in particular, in America and Europe. Therefore, it was important to heed the advice of Strauss and Corbin (1998) when entering the research site to make sure these views do not contaminate the emerging information. Where similarities are found it is because respondents identified these. The researcher's role is not to force the fit.

Bringing the existing literature into the research site is not forbidden, especially in the early stages of grounded research studies. Having this knowledge helps the researcher to explore the richness of the phenomena being studied, for as stated by Strauss & Corbin (1998:51):

“Before beginning a project, a researcher can turn to the literature to formulate questions that act as a stepping off point during initial observations and interviews. After the first interview(s) or observation(s), the researcher will turn to question and concept that emerge from analysis of the data”.

Drawing on current literature, the most basic idea of strategic HRM is that it is how organizations make a linkage between organizational strategy and HRM (e.g. Bamberger & Meshoulam, 2000; Beer et al., 1984; Boxall & Purcell, 2008; Fombrun et al., 1984; Lengnick-Hall et al., 2009; Lundy, 1994; Truss & Gratton, 1994). This linkage integrates the strategic planning process, strategic decision-making, and strategic implementation and these are explained systematically as a theoretical framework.

As a preliminary to the semi structured interviews, seven HR managers participated in an exploratory preliminary study. These participants were asked the following two open ended questions:

1. “Could you please tell me what you think about strategic HRM?”
2. “Could you please tell me what your organization’s experience is with the linkage between organizational (business) strategy and HRM?”

The first question is to stimulate a ‘genuine’ response about and their knowledge of SHRM based upon their knowledge and implementation in her/his organization. The

intention of this question was to encourage respondents to speak freely about their knowledge and experience of SHRM.

The second question sought to clarify the basic principles underlying SHRM if these were not clearly explained or did not emerge from the first question. Elaboration of how SHRM was practiced completely depended on the participants and their organizations' experiences. The rationale behind this question was that although many Indonesian organizations link business strategy and HRM they might be unaware that their organizations practiced SHRM.

As a result, an 'initial saturation' of the main issues relating to SHRM emerged, these were related to (1) the approaches to SHRM, (2) the role of HR department and its people, and (3) HR strategy implementation. In addition, the preliminary interviewees recommended extending the investigation to explore local attributes in managing people. They also suggested the exploration should investigate across industry sector to accommodate variability.

#### **3.5.1.3. Main Interviews: Semi Structured Interviews**

Theoretical sampling involves data gathering as a continuous process, so further interviews based upon information from the preliminary stage were next undertaken (Creswell, 1998; Glaser, 1995a, 1995b; Glaser & Strauss, 1969; Patton, 2000). The preliminary interviews suggested the scope of what needed to be investigated and where information needed to be sought. Using a prepared interview guide, suitable and

accessible participants were contacted for further interviews. The process involved is described below.

#### **3.5.1.3.1. Designing Semi Structured Interview Guide**

General open-ended questions were developed for the semi-structured interviews. These questions were used to guide the conversation and to allow issues to emerge. The semi-structured interview guide was used to open the discussion and as a flexible guide. Participants were encouraged to express and propose issues they felt were related to the topic. This strategy does not conflict with the data collection principles of grounded research (Strauss & Corbin, 1998; Turner, 1983).

#### **3.5.1.3.2. Access to Sites**

Access to potential participants was facilitated by posting or faxing an invitation letter (complete with summary of the study proposal, information letter, and ethics approval from Murdoch University; see appendix 1). Potential participants usually responded with their agreement within one to two weeks. If they did not give a response, the researcher contacted them by telephone and or email to confirm their decision. In many cases, they did not response because they were not familiar with the term SHRM, and were worried that the study would be very complicated and could investigate some sensitive issues in their organizations. The researcher reassured the subjects and emphasized that the study was to investigating their experiences in managing people. By giving more information via telephone and or email, and some 'negotiation', most agreed to participate in the study. In addition, some organizations, especially textile companies, could not participate due to other external factors that posed difficulties for them at that time.

Another strategy to attract participants was to offer flexibility in terms of time and venue for the interview, especially for the organizations located in Yogyakarta, Surakarta, and Jakarta. Those organizations located in Padang (West Sumatra), Medan (North Sumatra), Banjarmasin (South Kalimantan), Makassar (South Sulawesi) and Denpasar (Bali), were offered limited flexibility due to the distance and costs of collecting data on these different islands. Participants from outside Java Island were offered a choice of seven to fourteen days in a month of their choice; although this needed to coincide with agreement from other participants' in the same location.

#### **3.5.1.3.3. Venue of Interviews**

Most interviews were conducted in the participants' office as these were private and comfortable locations. One interview was conducted at the participant's residence on a Sunday evening to accommodate his busy weekly schedule. He claimed this best suited him as he would be free of interruptions and so have more time for discussion that would provide rich information. One interview was conducted in the car while the participant traveled from his office to a training centre. One interview was conducted at a recruitment site because the manager was on a site visit at that time. Another interview was conducted in a restaurant after office hours.

#### **3.5.1.3.4. Duration of Interviews**

The main interviews were conducted up to two hours duration depending upon the emerging categories produced. Two interviews took more than two hours. After the



interview, some participants asked the researcher to discuss current organizational issues informally, so the researcher allocated at least three hours for each interview.

#### **3.5.1.3.5. Language Used**

All interviews were carried out in the Indonesian language. Although some participants were able to converse in English, they preferred to use Indonesian because of familiarity and fluency. Some times they also used English and or local languages to express certain situations more clearly. When local terms the researcher did not understand were used, the meaning was clarified carefully and politely so the exact meaning could be captured.

#### **3.5.1.3.6. Interview Process**

Before conducting each interview, the researcher always tried to understand the local values and culture of where the organization was established, to avoid disrespect during the interview. This is a very important preparation when conducting interviews in a high context culture society such as in Indonesia. To prepare, the researcher arrived at least two days before the first interview was due, to familiarize himself with local situation and to learn about local manners from local friends, family or contacts. The researcher also tried to collect as much preliminary information as possible about the organization via the industrial department, industrial chamber, university link, personal link, and or information from internet. These preparations were very helpful in enhancing the researcher's confidence and being more familiar with the participants' backgrounds and surrounding.

The interviews started with conventional greeting and thanking participants for their contributions. The researcher gave a brief explanation of the subject being studied. The usual formalities of introduction, discussion about family or self were used to break the ice. This allowed for an open and friendly atmosphere so the researcher had no difficulties entering the main stage of interview.

The main interviews started by asking for a general overview about the organization, followed by other questions that explored the topic being studied. The semi-structured questionnaire was used as a general guide only and employed by the researcher flexibly. When participants understood very well the subject being studied and produced significant categories, the researcher just asked for further elaboration. However when participants had difficulties with aspects of the topic, the semi structured questionnaire used to stimulate more ideas or help capture more clearly the issues related to the questions. Otherwise, the conversation flowed freely around the core subject matter. When interviewees talked on issues not relevant to the subject being studied, the researcher inserted a question from the interview guide to redirect the interviewee back to the subject.

By implementing the interview scenario described, rich qualitative data (categories) emerged spontaneously and independently. The guide was very effective in avoiding stagnation in the interview process. The semi-structured questionnaire can be seen in table 3.7.

Table 3.7: Semi-structured Questionnaire

<p align="center"><b>An Investigation into SHRM in Indonesia: Semi-structured Questionnaire</b>  <i>(Remember: You should use this guide flexibly, don't force the respondents views;  let them to express knowledge, opinions, feelings, experiences, and facts freely!!!)</i></p> <p>=====</p> <p><b>General Questions related to SHRM:</b></p> <ol style="list-style-type: none"> <li>1. Could you please tell me what your understanding about SHRM?</li> <li>2. Could you please tell me how your organization's experience in managing people?</li> </ol> <p><b>Questions related to Approaches to SHRM:</b></p> <ol style="list-style-type: none"> <li>1. Could you please tell me how your organization's experience is in formulating HR strategy?</li> <li>2. Could you please tell me what factors influence to HR strategy and how? (if themes have not emerged yet, then followed by further questions)</li> <li>3. Could you please tell me is there any relationship between business strategy and HR strategy? (If yes, could you please tell me what your organization's experience is with the linkage between business strategy and HR strategy? If not, why?)</li> <li>4. Could you please tell me is there any relationship between internal or organizational factors and HR strategy? (If yes, could you please tell me what your organization's experience is with the linkage organizational factors and HR strategy? Then followed by asking each organizational factors mentioned by respondent? If not, why?)</li> <li>5. Could you please tell me is there any relationship between external or environmental factors and HR strategy? (If yes, could you please tell me what your organization's experience is with the linkage environmental factors and HR strategy? Then followed by asking each environmental factor mentioned by respondent? If not, why?)</li> </ol> <p><b>Questions related to the Role of HR Department and its People:</b></p> <ol style="list-style-type: none"> <li>1. Could you please tell me how HR department plays role in strategic decision-making? (if themes have not emerged yet, then followed by further questions)</li> <li>2. Is HR department involved in strategic decision-making? (If yes, could you please tell me what your organization's experience is with the involvement of HR department in strategic decision making? Then followed by asking each factors associate with this involvement? If not, why?)</li> <li>3. What is the highest structure in HR department? (Why the structure is like that? Could you please tell me the HR department position compared to other departments?)</li> <li>4. Is there any informal strategic decision-making process? (If yes, could you please tell me why and how this process? If no, why?)</li> </ol>
---

To be continued in the next page.

Table 3.7 continued.

**Questions related to the HR Strategy Implementation:**

1. Could you please tell me how your organization's experience is in implementing HR strategy?
2. Could you please tell me what factors influence to the success of HR strategy implementation and how? ( if themes have not emerged yet, then followed by further questions)
3. Could you please tell me is there any influence of the quality of HR strategy to the success of its implementation? (If yes, could you please tell me what your organization's experience is with the influence of organizational factors to the success of HR strategy implementation? Then followed by asking each quality of HR strategy mentioned by respondent? If not, why?)
4. Could you please tell me is there any influence of organizational factors to the success of HR strategy implementation? (If yes, could you please tell me what your organization's experience is with the influence of organizational factors to the success of HR strategy implementation? Then followed by asking each organizational factors mentioned by respondent? If not, why?)
5. Could you please tell me is there any influence of HR department factors and the success of HR strategy implementation? (If yes, could you please tell me what your organization's experience is with the influence of HR department factors to the success of HR strategy implementation? Then followed by asking each HR department factors mentioned by respondent? If not, why?)

During the interviews, the interviewees quite often gave indirect responses, which contained ambiguous meanings. This is a typical of a high context culture society, where people tend to maintain 'harmony' and avoid 'conflict'. Facing this situation, the researcher tried to clarify the ambiguity and politely asked participants to restate their opinions. The researcher familiarity with the local jargon also allowed the questioning of how organizations adapted to and or adopted local values. This local knowledge was appreciated by the interviewees and this helped in the smooth conduct of the interviews.

All participants agreed for interviews to be recorded, although in certain circumstances when they explained a sensitive issue, some asked the researcher to turn the tape recorder off for awhile. Again, they were reassured that only demographic characteristics would be reported and other information would remain confidential.

In general, the participants were friendly and helpful during the interviews. Many of them offered the researcher access to written documents that related to the topic. Another phenomenon, although this was not part of the interview, was that quite often participants asked about the researcher's experiences when conducting interviews in other organizations and places. Some requested the researcher share his academic and practical experiences related to HRM, while at the same time, they shared their personal experiences as HR managers. Some requested the researcher's opinions and suggestions on HRM practices in their organizations. Moreover, some also offered the researcher the opportunity to present the research findings to their organizations after completing the study.

### **3.5.2. Data Analysis Method**

Qualitative data analysis requires the huge amount of information summarized, described, and examined for patterns of relationship so the phenomena being studied can be explained and constructed (Miles & Huberman, 1994; Strauss, 1987). Qualitative data analysis can also be viewed as the process of organizing, categorizing, and meaningfully interpreting the data (Creswell, 1998, 2003). To deal with the massive amount of data, Patton (2002: 432) explains that qualitative analysis involves reducing the volume of raw data, to reduce trivia from significant information, so that pattern can be identified

and a framework for communicating the essence of what the data reveals can be constructed.

In the sociological tradition, ‘words’ are essential instruments in qualitative data analysis to understand the nature of realities; they are the window into human experience (Ryan & Bernard, 2000; Tesch, 1990). Accordingly, Richardson (2000) points out that qualitative analysis and writing involve the researchers in making sense of the words and their relationship to the subject being studied.

Constructing knowledge from the data is not a simple process; it must be done analytically, carefully and rigorously. This process needs responsibility, integrity, and honesty from the researcher (Jones, 2002). Simply pulling out a few themes and ideas from the data does not constitute analysis. Janesich (2000: 387) underlines this by stating: “Simply observing and interviewing do not ensure that the research is qualitative; the qualitative researcher must also interpret the beliefs and behaviours of participants”.

Miles and Huberman (1994) provide a model of qualitative analysis that consists of three concurrent activities: data reduction, data display, and finally conclusion drawing and verification. Data reduction is concerned with the process of selecting, simplifying, abstracting, and transforming the data so they can be made intelligible in terms of the issues being investigated. Data display goes a step beyond data reduction to provide “an organized, compressed assembly of information that permits conclusion drawing and action” (Miles and Huberman, 1994: 11-12). Drawing conclusions of involves stepping

back to consider what the analyzed data means and assessing the implications of this for the research questions. Verification is the process of ensuring that conclusions are valid and justified.

Creswell (1998: 190-195) provides a six-step general guide for data analysis in qualitative research:

1. Organize and prepare the data for analysis; including transcribing interviews, optically scanning material, typing up field notes, or sorting and arranging data into different types depending on the source of information.
2. Read through all the data to obtain a general sense of the information and reflect on its overall meaning.
3. Begin detailed analysis with a coding process.
4. Use the coding process to generate a description of the setting or people as well as categories or themes for analysis.
5. advance how the description and themes will be represented in the qualitative narrative
6. A final in data analysis involves making an interpretation or meaning of the data.

More specifically, this study employed the data analysis method from grounded research tradition, and used a data coding procedure and constant comparative method (Charmaz, 2006; Creswell, 1998; Glaser, 1998; Glaser & Strauss, 1967; Strauss & Corbin, 1998).

In simple words, data coding is the process of categorizing and sorting data (Charmaz, 1983; Schwandt, 2001) which breaks data down into manageable and understandable

fractions, relates, and integrates them to propose a theoretical construct (Charmaz, 2000, 2006; Glaser, 1995a, 1995b; Strauss & Corbin, 1998). The coding process conceptualizes data into codes, categories, sub categories, properties and dimensions. This means a massive amount of raw data is identified into themes and connected to form a theory. Therefore, the data coding has an essential role to provide the building blocks of theory. To identifying emerging categories the grounded theory researcher needs to maintain their theoretical sensitivity at every step of data coding and the constant comparative method is essential for doing this (Glaser, 1978; Strauss & Corbin, 1998). In this way, the constant comparative method clarifies emerging concepts, categories and sub categories. In practice, the coding of data occurs at the same time as comparing codes to codes, category to category, sub category to sub category, codes to category, etc. (Glaser & Strauss, 1967). This iterative process is employed by grounded theory researchers to define the basic properties and dimensions of all categories and the relation between the categories to enrich and integrate the emerging theory.

Table 3.8 illustrates the data analysis method of grounded theory research and the steps employed in this study. These will be discussed in the next section.



Table 3.8: Data Analysis and Representation in Grounded Theory

<b>Data Analysis and Representation</b>	<b>Grounded Theory</b>
Data managing	Create and organize files for data
Reading, memoing	Read through text, make margin notes, form initial codes
Classifying	<ul style="list-style-type: none"> <li>• Engage in open coding (categories, properties, dimensionalize properties)</li> <li>• Engage in axial coding (causal conditions, context, intervening conditions, strategies, consequences)</li> </ul>
Interpreting	<ul style="list-style-type: none"> <li>➤ Engage in selective coding and development stories</li> <li>➤ Develop a conditional matrix</li> </ul>
Representing, Visualizing	<ul style="list-style-type: none"> <li>✓ Present visual model or theory</li> <li>✓ Present proposition</li> </ul>
Source: Creswell, 1998: 148-149	

### 3.5.2.1. Data Transcription

All interviews were recorded by tape recorder, so the raw data were the cassette recordings. To be analyzed all of data was transcribed onto paper in writing form with the support of software program called audacity software. This is an audio editor and recorder for private user that can be downloaded freely and legally from the internet; the address is <http://audacity.sourceforge.net/>.

The process of transcribing consisted of two stages; firstly, transforming the data from the cassette recorder into a wave format so it could be read by the software; and secondly the researcher transcribed the wave format into written format. This software was very useful because it provided many tools (such as change of speed, tempo, noise

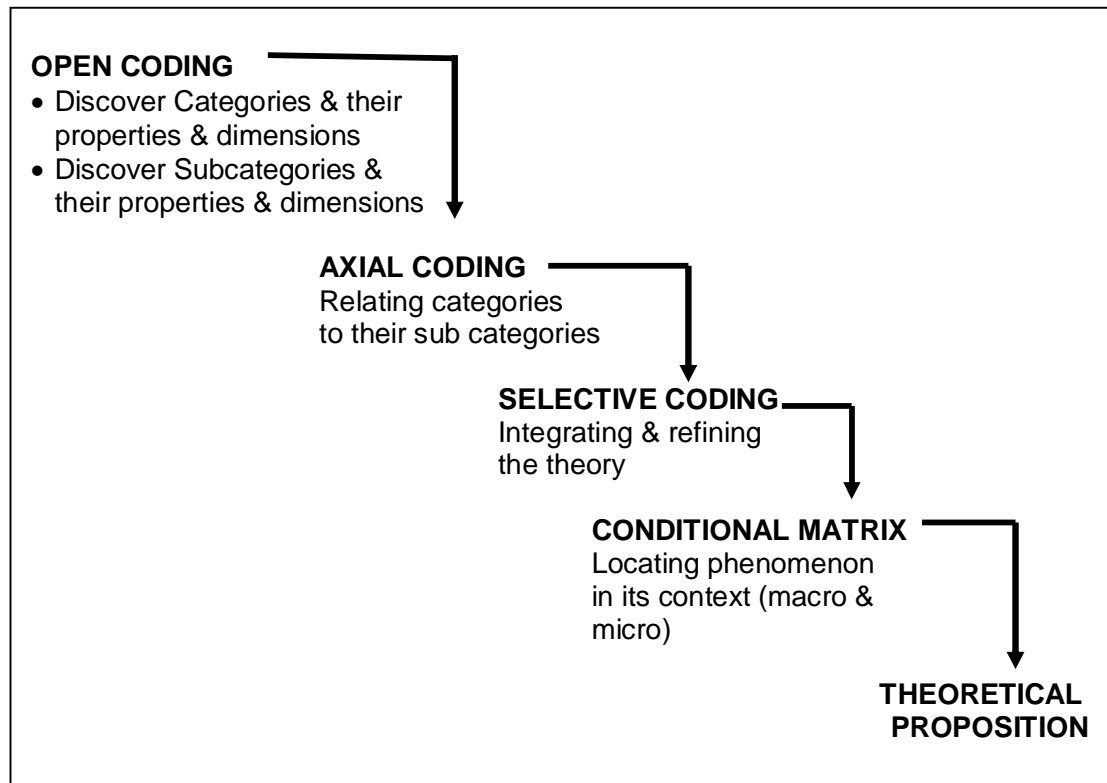
removal, etc.) so conversations could be heard clearly by the researcher, and transcribed precisely.

For accuracy purposes, all transcribed interviews were double checked by re-listening to each cassette and checking it against the written transcription. All transcription and checking was done by the researcher. Although this process was repetitive and time consuming, this was a very important part of data analysis as it enhances the theoretical sensitivity and understanding needed for data analysis and developing a theoretical proposition. Listening, reading, identifying, relating, and integrating categories from the data are interrelated processes in constructing a theory.

#### **3.5.2.2. Data Coding**

As recommended by Strauss (1987) and Strauss and Corbin (1990, 1998), data were analyzed in four stages; open coding was used to break data line by line, axial coding was used to relate categories as they were found, selective coding was used to integrate components of theory, and a conditional matrix was used to locate phenomena within the macro and micro context. Finally, the last stage was proposing theory. The data coding process can be seen in figure 3.8.

Figure 3.8: Steps in Data Coding



(Source: conceptualized from Strauss & Corbin, 1998)

#### 3.5.2.2.1. Open Coding

Strauss and Corbin (1998: 101) describe open coding as “the analytic process through which concepts are identified and their properties and dimensions are discovered in data”. To operationalize the basic principles of open coding, moreover Strauss and Corbin (1998:101) explain:

- Phenomena: is the central ideas in the data represented as concepts
- Concepts: are the building blocks of theory
- Categories: are the concepts that stand for phenomena

- Subcategories: are concepts that pertain to a category, giving it further clarification and specification.
- Properties: are characteristic of a category, the delineation of which defines and gives it meaning
- Dimensions: are the range along which general properties of category vary, giving specification to a category and variation to the theory

The researcher broke the data down into discrete parts, which were closely examined and compared for similarities and differences. Events, happenings, objects and actions or interactions that were found to have similarities or were related in meaning were grouped under the same categories. Grouping concepts into categories enabled the researcher to reduce the number of units with which the researcher was working.

As recommended by Strauss and Corbin (1998: 114), once a category was identified, the researcher then developed it in terms of its properties and dimensions. Properties represent the general or specific characteristics of a category, while dimensions represent the location of a property along a continuum. Advance action by the researcher was to further differentiate categories by breaking these down into subcategories, by explaining the when, where, why, how and so on of each category occurred. To identify categories and subcategories accurately, the strategy suggested by Strauss and Corbin (1998) was employed; these were line-by-line microanalysis, analyzing a whole sentence or paragraph, and then perusing the entire document.

Line-by-line analysis was employed at the beginning to generate the initial categories (with their properties and dimensions) and to suggest relationships among the categories. This was supported by analyzing whole sentences or paragraphs by asking “What is the major idea brought out in this sentence or paragraph?” Similarly, the entire document strategy was implemented by asking, “What is going on here?” and “What makes this document the same as, or different from, the previous ones that I coded?” These strategies were employed so categories and subcategories (with their properties and dimensions) were captured accurately and completely.

The categories, subcategories, their properties and dimensions that emerged were labeled, coded, and written into separate columns set up by the researcher for each written transcription.

#### **3.5.2.2.2. Axial Coding**

Axial coding is defined by Strauss and Corbin (1998: 123) as “the process of relating categories to their sub categories ...(to) link categories at the level of properties and dimensions”. Accordingly, the focus of the researcher in this stage was how categories are systematically developed and linked with subcategories.

Creswell (1998: 57) summarizes clearly what should be done in axial coding by saying:

“In axial coding, the investigator assembles the data in new ways after open coding. This is presented using a coding paradigm or logic diagram in which the researcher identifies a central phenomenon (i.e., a central category about the phenomenon), explores causal conditions (i.e., categories of conditions that influence the phenomenon), specifies strategies (i.e., the actions or interactions that result from the central phenomenon), identifies the context and intervening conditions (i.e., the narrow or broad conditions

that influence the strategies), and delineates the consequence (i.e. the outcomes of strategies) for this phenomenon”.

Guided by Strauss (1987), Strauss and Corbin (1998), the researcher:

- Laid out the properties of a category and their dimensions
- Identified the variety of conditions, actions/interactions, and consequences associated with the phenomenon
- Related a category to its subcategories through statements denoting how they are related to each other
- Looked for cues in the data that denote how major categories might relate to each other

It was very often that the sense of how categories relate begins to emerge during open coding. In other words, axial coding can sometimes occur simultaneously with open coding. In some cases, the axial coding was completed immediately after finishing the open coding. The researcher’s theoretical understanding played a key role in linking categories and their sub categories.

#### **3.5.2.2.3. Selective Coding**

Selective coding is “the process of integrating and refining the theory” (Strauss & Corbin, 1998: 143). Although the axial coding stage generates relationships among categories and subcategories systematically, they need to be integrated to form a larger theoretical scheme; this is the area of the selective coding. Creswell (1998: 57) advises that “in selective coding, the researcher identifies a ‘story line’ and writes a story that

integrates the categories in the axial coding model. In this phase, conditional propositions (or hypotheses) are typically presented". Strauss and Corbin (1998) recommend two main activities for the selective coding stage: integrating categories and refining theory. The integration process, requires categories be organized around a central explanatory concept. The first step is to decide the central or core category that is a representation of the main theme of the research. This step is critical because the central category has analytic power to pull other categories together.

To assist the process of identification Strauss and Corbin (1998: 148-156) provide three techniques; writing the story line, using a diagram, and reviewing and sorting through memos. Although the researcher as the main technique used diagrams, story lines and memos were very helpful in unifying the concepts. Diagrams were used to sort and build the sense of logical relationships among the concepts that lead to integrative explanations. The story lines were very helpful for keeping the researcher on the right track in terms of the analysis, because they provide descriptive sentences that illustrate 'what seems to be going on the data'. Moreover, memos were used to store those that contained clues for integration.

The next step was to refine the theory. Strauss and Corbin (1998: 156) state, "refining theory consists of reviewing the scheme for internal consistency and for gaps in logic, filling in poorly developed categories and trimming excess ones, and validating the scheme". These recommendations were followed; for example:

- In reviewing the scheme for internal consistency and logic, the researcher checked and rechecked the diagrams, story lines, and memos to make sure that theoretical development was systematical and integrated the categories that had emerged.
- The researcher also reviewed the raw data, the results of open coding and axial coding and the memos to check for data that might have been overlooked, while at the same time trimming extraneous concepts that did not contribute to understanding of the proposed theory. This process also determines how well the abstraction fits with the raw data, and helps make sure that there are no salient categories omitted from the theoretical scheme.

#### **3.5.2.2.4 Conditional/ Consequential Matrix**

The conditional matrix is defined by Strauss & Corbin (1998: 181) as “an analytic device to stimulate analysts’ thinking about the relationship between macro and micro conditions/ consequences both each other and to process”. The Conditional matrix can be categorized as a coding device that helps grounded theory researchers consider the surrounding context as part of the analysis process. Moreover, the conditional matrix is a device for tracking the various levels of influence, such as the micro or macro influences upon the phenomenon being studied. Strauss & Corbin (1998) identify these conditions may run from international to national, community, organizational and sub-organizational groups, or individual and collectives, or actions pertaining to individuals. They also mention these broader conditions affect on phenomena may include economic conditions, cultural values, political trends, social movement, etc. The main role of the researcher in this conditional matrix stage was to locate the phenomenon in context and



to show specific linkages between these conditions and integrate them into the proposed theory. More completely, this is summarized by Strauss & Corbin (1998: 182):

“The conditional/ consequential matrix is a coding device to help analysts keep in mind several analytic points. Among these are (a) that macro conditions/ consequences, as well as micro ones, should be part of the analysis (when emerge from the data as being significant); (b) that the macro conditions often intersect and interact with the micro ones and (c) thereby, in direct or indirect ways, become part of the situational context; and (d) that the paths taken by conditions, as well as the subsequent actions/ interactions and consequences that follow, can be traced in the data (the paths of connectivity)”.

#### **3.5.2.2.5. Theoretical Proposition**

After all coding processes were completed, the researcher was able to propose a theoretical construct of SHRM within the Indonesian context. The coding processes produce a theory, or theorize, which means “work that entails not only conceiving or intuiting ideas (concepts) but also formulating them into a logical, systematic, and explanatory scheme” (Strauss and Corbin, 1998: 21). This can be elaborated into three theoretical constructs: the approaches to SHRM, the role of the HR department and its people, and the determinants of HR strategy implementation. All findings of this study will be presented and discussed in the findings and discussion chapter.

#### **3.5.2.3. Manual Analysis**

The process of data analysis was conducted manually in consideration of the interpretive-constructivist-subjective philosophical underpinning. While the researcher realizes that qualitative software packages that can be used to aid qualitative data handling and analysis, this was not used in regard to Coffey, Holbrok and Atkinson (1996), and Lonkilla’s (1995) concerns about uncritical adoption by the users. They

underline that in many cases, qualitative researchers, especially novice researchers, focus on keywords formulated by software, and can lose the sense of the analysis in the context and ignore memos from their field research. Similarly, Easterby-Smith (1991: 113) emphasizes that no package can substitute for the interpretive skills of the researcher. Many of them can alleviate much of the clerical task of sorting words, concepts and passages contained in the transcripts; but the identification of significant themes, patterns and categories still has to be done by the researcher. In the same sense, Tesch (1991) emphasizes clearly that the researcher must do the thinking and make judgments. Noble (2002) supports these ‘warnings’. At first, he employed software for data coding, however he stopped this it when conflicted with his memos.

Beside the philosophical considerations, there are some technical reasons for manually handling the data analysis:

- Interviews were conducted in the Indonesian language and there is no qualitative data analysis software available for this language. Data was not translated into English due to the characteristics of language. There are many ‘hidden meanings’ because of the ‘indirect language’ and ‘indirect culture’ of Indonesia (for an example: when respondents, especially Javanese people, say “Yes”; it does not mean that he or she really agrees because they say “No” very rarely when they do not agree with something). Manual data analysis allows explicit and implicit meanings to be explored comprehensively and because the researcher is Indonesian and understands the Indonesian language and culture, this approach was best suited to this study. In this case, the researcher’s memos written during interviews were very useful.

- The amount of data collected was not so huge it could not be manually managed. Moreover, Webb (1999: 329) emphasizes that: "...when the data set is not large – and this is probably the case with most PhD studies- the additional work of data management may not be justified".

Although this study did not employ computer software for the data coding process, the researcher used 'info rapid' a search and replace software for data checking purposes. By searching for key words, this software is able to trace and highlight all sentences in the database with this word. This was very helpful to check and recheck emergent categories at any time. Info rapid search and replace software is also free for private use and can be downloaded freely and legally from the internet <http://www.inforapid.de/html/english.htm>

### 3.6. Establishing Trustworthiness

As an academic-scientific process, achieving and maintaining rigour is an essential part of all research and qualitative research in particular, and especially in grounded theory research (Brinberg & McGrath, 1985; Creswell, 1998; Glaser & Strauss, 1967; Guba & Lincoln, 1989, 1994, 1998; Kirk & Miler, 1986). Consequently, the researcher must be seriously aware of fulfilling certain criteria and performing logical assessments in formulating the research design, data collection and data analysis to ensure that the whole research process and research findings are acceptable, honest and believable.

Lincoln and Guba (1985) propose “trustworthiness” as a set of criteria for judging the quality or goodness of qualitative inquiry. They define trustworthiness as the quality of investigation (and its findings) that makes it noteworthy to audiences. Trustworthiness is widely accepted by qualitative scholars as a tool for evaluating qualitative studies (see such as Creswell, 1998; Miles & Huberman, 1994; Patton, 2002; Scwandt, 2001; Whiteley, 2002); therefore, trustworthiness was adopted in this study.

Grounded research uses four criteria to judge quality, as proposed by Strauss and Corbin (1998: 268), they are: (1) judgments about the validity, reliability and credibility, (2) judgments about the theory itself, (3) the decisions related to the adequacy of the research process through which theory is generated, and (4) the conclusions made about the empirical grounding of the research.

To establish the trustworthiness, selected respondent statements that relate to the themes emerging in this study are presented in chapter four. Moreover, the complete translation of these statements is provided in appendix 2.

### 3.7. Ethical Considerations

Qualitative research is primarily based upon what people –in this case is the HR managers- think, feel, and experiencing relation to SHRM in their organizations. Involving human participants means it is critical and necessarily for the researcher to be aware, understand and give close attention to the ethical issues that arise in a research

process. This includes the research design, data collection, data analysis, and presenting the results.

The most important issues related to the ethical considerations when conducting qualitative study and particularly grounded research were applied to the present study. These include: (1) voluntary consent, (2) right to withdraw at any time, (3) confidentiality, (4) privacy, (5) anonymity, (6) protection or avoidance of harm and risk, (7) courtesy (Christian, 2000; Creswell, 2003; Howe & Eisenhart, 1990; Miles & Huberman, 1994; Neuman, 2003; Patton, 2000; Ticehurst & Veal, 2000).

To ensure all ethical considerations were met, the researcher submitted a request for ethics approval to the Research Ethics Board of Murdoch University in Perth, Western Australia. The researcher did not conduct any data collection activities until the Research Ethics Board released a letter granting approval (see appendix 1) and the researcher complied with all ethical considerations:

- The researcher sent a brief proposal, including a consent letter, to the potential participants. This provided full information about the nature of the research in lay terms, so potential volunteers could fully understand what they were being asked to contribute to. The consent form was written clearly at a language level appropriate for participants. This process was to ensure that potential participants were well informed so the decision to participate in this study was voluntarily.
- The researcher gave freedom to the participants to withdraw from the study for any reason, including after they agreed to be interviewed or even had already

interviewed. In this study, some participants cancelled their interviews because of personal or organizational issues, and no participant cancelled their agreement after interviews were conducted.

- To ensure that privacy, confidentiality, and anonymity of the interviewees' responses no individual or organization is named or can be identified. All responses are coded based on the organizations' initial, and as a result, all data remains confidential and anonymous; only the researcher knows the individuals and organizations that participated in this study.

### 3.8 Conclusion

This chapter has reviewed and justified the choice of research design, paradigm, methodology, and method. Why the phenomena of SHRM in Indonesia should be investigated within an interpretive paradigm, using constructivist ontology, subjective epistemology, and qualitative methodology, and more specifically a grounded theory method has been discussed. How to operationalize the research design has also been explained. The interview methods and the manual data coding procedures for analyzing the data have been discussed from both the theoretical and operational perspectives. To establish the quality of the study, this chapter has also presented the trustworthiness principles and ethical code of conduct that were maintained by the researcher throughout the research process.

## CHAPTER IV

### RESEARCH FINDINGS

#### 4.1. Introduction

This chapter presents the research findings from the interviews with sixty-three Indonesian HR managers from across the agriculture, textile, hospital and hotel industries. The findings are classified into three groups; they are the approaches to SHRM, the role of HRM in organizations, and the determinants of HR strategy implementation. A brief conclusion to the findings is provided at the end of this chapter.

As described earlier in the methodology chapter, data was analyzed using Strauss & Corbin's (1998) data coding method. The findings from the data analysis are presented in terms of the phenomena, concepts, categories, sub categories, properties and dimensions. Phenomena is the central ideas in the data represented as concepts; concept is the building blocks of theory; category is the concept that stand for phenomena; subcategory is concept that pertain to a category, giving it further clarification and specification; property is characteristic of a category, the delineation of which defines and gives it meaning; and dimension is the range along which general properties of category vary, giving specification to a category and variation to the theory.

To be more understandable, the findings are presented in the narrative style as recommended by Manning and Cullum-Swan (1994). Moreover, as suggested by Patton (1990), to avoid ambiguity between respondents' and researcher's views, this chapter

presents respondents' descriptions only; whereas the researcher's interpretations will be presented in the discussion chapter. This approach also ensures that the research findings are viewed independently, so the validity and reliability can be assessed.

To protect originality, quotations from respondents are presented as they were spoken. As recommended by Strauss & Corbin (1998), who suggest themes from the interviews should be labeled "in vivo", in the words used by respondents. Quotations from respondents ensure that the real meanings are presented. The quotations are presented in italics. A source for each quotation is also provided. The source of quotations are presented by the code of each industry then followed by the number of the respondents. There are four codes in the study; **Ag:** means the agricultural industry, **Tx:** textile industry, **Hs:** hospital industry, and **Ht:** hotel industry. Therefore (*Ag1*) means a quotation from agriculture HR manager respondent number one, (*Hs1*) means the source of the quotation from hospital HR manager respondent number one, and so on. In accordance with the confidentiality agreement, no names of each individuals or companies are disclosed. Moreover, in certain circumstances, the symbol [\*] is used within the body of quotations to indicate the researcher's clarification of the meanings of some ambiguous or multi-interpretation words.

## 4.2. Background of Participants

Participants included sixty-three HR managers from manufacturing and services industries across eight cities (Surakarta, Yogyakarta, Jakarta, Padang, Medan, Banjarmasin, Makassar, and Denpasar) within five main islands in Indonesia (Java,



Sumatra, Kalimantan, Sulawesi, and Bali). In total, thirteen agriculture HR managers, twelve textile HR managers, eighteen hospital HR managers, and twenty hotel HR manager have participated in the study. The general characteristics of these HR managers, are quite similar; they are mainly male, aged between thirty to sixty years and the majority have a bachelors and master level. Experience in the HR field varied with some having up to 15 years experience, however nearly one third had less than 5 years experience, and just over one third had between six to ten years HR experience. More detail on the profile of the HR managers can be seen in table 4.1.

Table 4.1: Profile of HR Respondents

		Industries						Tot Inds
		Manufacturing			Services			
		Ag	Tx	Tot	Hs	Ht	Tot	
Gender	Male	9	10	19	14	13	27	46
	Female	4	2	6	4	7	11	17
Age	20 to 30 years	0	0	0	1	2	3	3
	31 to 40 years	6	3	9	2	13	15	24
	41 to 50 years	2	4	6	6	2	8	14
	51 to 60 years	5	4	9	9	3	12	21
	More than 60	0	1	1	0	0	0	1
Education	Senior High Sch.	1	2	3	1	0	1	4
	Bachelor	9	9	18	8	19	27	45
	Master	3	1	4	8	1	9	13
	Doctor (PhD)	0	0	0	1	0	1	1
HR Experiences	5 or less	3	3	6	8	5	13	19
	6 to 10 years	8	3	11	6	8	14	25
	11 to 15 years	1	1	2	3	6	9	11
	16 to 20 years	0	2	2	0	1	1	3
	More than 20	1	3	4	1	0	1	5
Moving Jobs	Never	1	1	2	3	3	6	8
	1 x	2	3	5	9	1	10	15
	2 x	4	3	7	3	3	6	13
	3 x	4	2	6	1	7	8	14
	4 x	0	1	1	1	3	4	5
	5 x	0	1	1	0	1	1	2
	More than 5	2	1	3	1	2	3	6
	Total		13	12	25	18	20	38

In terms of the organizations' profile, most establishments have existed for ten to forty years and employee numbers vary from one hundred to more than five thousand people. Most indicated their predominant strategy was quality, and for many unions power was medium to strong. There is a significant difference in terms of their market. Manufacturing industries had a market mix between domestic and export, whereas services industries mainly focused on serving domestic consumers. More details on the characteristics of the industries can be seen in table 4.2.

Table 4.2: Profile of Industry Respondents

		Industry						Tot Inds
		Manufacturing			Services			
		Ag	Tx	Tot	Hs	Ht	Tot	
<i>Years of Existence</i>	10 or less	1	3	4	2	9	11	15
	11 to 20	6	2	8	0	5	5	13
	21 to 30	3	2	5	2	5	7	12
	31 to 40	1	4	5	3	1	4	9
	41 to 50	1	0	1	0	0	0	1
	51 to 60	0	0	0	1	0	1	1
	61 to 70	0	0	0	2	0	2	2
	71 to 80	0	0	0	2	0	2	2
	81 to 90	0	0	0	4	0	4	4
	91 to 100	0	1	1	0	0	0	1
	More than 100	1	0	1	2	0	2	3
<i>Number of Employees</i>	101 to 500	4	3	7	4	17	21	28
	501 to 1000	3	3	6	7	3	10	16
	1001 to 1500	1	2	3	6	0	6	9
	1501 to 5000	4	2	6	0	0	0	6
	More than 5000	1	2	3	1	0	1	4
<i>Market</i>	Foreign	9	3	12	0	5	5	17
	Domestic	4	9	13	18	15	33	46
<i>Strategy</i>	Price	4	4	8	0	2	2	10
	Quality	8	5	13	18	17	35	48
	Innovation	1	3	4	0	1	1	5
<i>Union</i>	Strong	3	6	9	6	9	15	24
	Medium	9	2	11	6	6	12	23
	Weak	1	1	2	3	1	4	6
	No Union	0	3	3	3	4	7	10
<i>Total</i>		13	12	25	18	20	38	63

### 4.3. Research Findings

Each sections has a brief summary of the findings before the evidence supporting them are presented. The information has been presented in the way to present evidence in a logical format. The research findings are described in accordance with the following:

1. Phenomena:

The main phenomenon investigated in this study is *the practice of SHRM*.

2. Concept:

The main concept in this study is *the SHRM within the Indonesian context*.

3. Categories:

The main categories are *(1) the approaches to SHRM, (2) the roles of HRM in the organizations, and (3) the determinants of HR strategy implementation*.

4. Subcategories:

- a. The core subcategories relating to approaches to SHRM are *(1) a best practice and (2) a best fit*.
- b. The core subcategories relating to roles of HRM in organizations are *(1) a two-way linkage and (2) an integrative linkage*.
- c. The core subcategories relating to determinants of HR strategy implementation are *(1) credibility of HR strategy, (2) organizational support and (3) the role of HR staff*.

5. Properties and dimensions:

Given the large number of properties and dimensions, these are presented directly following each subcategory and property.

#### 4.3.1. The Approaches to SHRM

There are two subcategories relating to the approaches to SHRM found in both manufacturing and services industry; namely *the best practice (universalistic) approach* and *the best fit (contingency) approach*. These subcategories emerged from the HR managers' respond in interviews. The general consensus among HR managers is summed up in table 4.3.

Table 4.3: Findings Related to the Approaches to SHRM

Subcategories	The General Consensus of Respondents' Statements
The Best Practice (Universalistic) Approach	HR systems have been well-tested for a long time. Proof is that their organization's performance to date remains good. Moreover, the production process has not changed much, companies' markets are already well-established, and the organizations' cycle is already in the mature stage so there is no reason to change their well established HR system.
The Best Fit (Contingency) Approach	The business strategy is constantly changing to adjust to the changing business environment. Consequently, their HRM must also continue to align, so the organizational goals can be achieved. In addition, HRM must also be able to adjust to the dynamics of the internal and external organizational contexts.

##### 4.3.1.1. The Best Practice (Universalistic) Approach

Ten HR managers (four from agricultures, three from textiles, and three from hospitals) mentioned that their organization believed in a best practice approach. No hotel HR managers mentioned that their organizations utilize the best practice approach. All indicated their organizations employed the best fit or contingency approach.

The best practice approach assumes that some HRM practices are appropriate for all organizations. This means there is a universal prescription or a general pattern that can be adopted by various organizations to manage their people, regardless of the organization's circumstances.

The properties of the best practice approach link to the approach of SHRM comprises three themes; namely organizational process, market conditions, and organizational life cycle. The general consensus among HR managers related to best practice can be seen in the table 4.4.

Table 4.4: Findings Related to the Best Practice Approach

<b>Properties</b>	<b>The General consensus of Respondents' Statements</b>
The Organizational Process	The organizations processes are simple and relatively unchanged from time to time. The current HRM system allows all the organizational processes to be managed properly.
The Market Condition	The market is relatively stable. Even, it can be said they already have a captive market. By using their current HRM system, they prove that they are able to manage the company competitively.
The Organizational Life Cycle	The organizations life cycle is already in the mature stage. Their HRM system has been established over time. It remains proven and well established for managing their people.

### ***Organizational Process***

Nine HR managers across three industries believed that the HRM they practiced was always relevant to achieve their organizational goals, often because their processes were considered to be uncomplicated. Respondents mentioned dimensions related to simple

processes such as the number of employees, production process, employee control, and the decision making process.

In relation to this theme HR managers said: *“the numbers of our employees are not great; we have no problems with the current system [\*HRM] (Ag4: 4); we are not a big company (Tx6: 6); it’s simple... we are only a small textile company (Tx8: 4); we are only a small hospital (Hs4: 5); we only have a small number of employees... so we keep going with our current way [\*HRM] (Hs16: 4)”*.

In terms of the production process, HR managers comments included: *“...the process is no big deal (Ag1: 2); the process is simple and it has never changed (Ag2: 4); the production process is easy... (Tx2: 4); the production process in our company is simple so we don’t need to conduct a complicated model in managing people (Ag4: 6); No...The process is not complex (Tx6: 3); it’s only a routine and simple process (Tx8: 7)”*.

Responses to the theme of ease of control of the employees was related to small number of employees or the simple production process: *“a small number of employees means that it’s easy to control them (Tx8: 7); their numbers are small , controlling them is easy so we will maintain the currently available system (Hs16: 4); the process is simple and it doesn’t need much effort to control it (Ag1: 2); the production process is centered in a big room, it’s easy to control it (Tx2: 4); Not many employees, so a simple process...of course it is easy to monitor them (Ag4: 4)”*.

In relation to decision process, the HR managers mentioned: “*we completely depend on the owner decisions (Hs5: 5); the owner plays a dominant role in taking decisions (Ag1: 3); decisions are centralized in the owner (Ag4: 5); the owner plays a vital role (Tx8: 7); every decision in our company is based on the owner; and he thinks the current model [\*HR management model] is perfect, that it doesn’t need to be changed (Tx2: 5)*”.

### ***Market Condition***

The second property in the best practice approach was market condition. Because of their success in the market, these companies did not consider changing their management style. They believed their current approaches best suited their circumstances.

The following selected quotations represent HR managers’ statements as associated to being in mature and stable markets: “*we have been dominating the market; that means we have succeeded in managing our human resources. What should we change it for? It has been proven (Ag4: 4); we have a captive market; we maintain it with the current process [\*HRM]. We are on the right track (Ag7: 4); our market is already stable; our main task is to maintain the stability of the process, including HR management (Tx8: 8); consumers are aware of how we serve them, and they keep coming to us (Hs4: 5)*”.

### ***Organization’s Life Cycle***

The third property linked to the best practice approach was the organization’s life cycle. Some companies in the mature stage felt that their businesses were already on the right

track, so they would keep going with what they were doing. They illustrated this was demonstrated by the stability of their processes, high profits, high productivity and low levels of absenteeism.

The following selected citations support HR managers perceptions of the influence of the mature stage of the organizational life cycle: *“our organization has had a long journey and now we are in an established position; we think this is the best model [\*HRM] that should be maintained (Hs4: 5 ); the current system [\*HRM] is the result of a long journey of the organization, we assumed this is the best (Hs5: 5 ); all of the organizational functions have already worked well; we just need to maintain them (Ag2: 5); our profitability is stable, it means that nothing is wrong... (Ag7: 4); high productivity, high loyalty, low absenteeism; everything works well; nothing is wrong with our system [\*HRM] (Tx2: 5)”*.

#### **4.3.1.2. The Best Fit (Contingency) Approach**

In contrast to the universalistic or the best practice approach, the best fit adopts a contingency approach which focuses on the fit with the surrounding context. Central to the best fit model is business strategy. In addition to this central property, other properties were internal (organizational) context and external (environmental) context. The general consensus related to the best fit can be seen in the table 4.5.



Table 4.5: Findings Related to the Best Fit (Contingency) Approach

Properties	The General consensus of Respondents' Statements
The Business Strategy	The business strategy is always changing to adapt to the increasingly competitive rivalries. Consequently, HRM must also continue to adjust itself in line with the changes of the business strategy
The Internal (Organizational) Context	Many variables within the organization have been changing to align to the changing of either business strategy or business environment, including the organizational size, the organizational structure, stage in the life cycle and access to capital. It is seems logical the HRM must also follow these changes to be more compatible with the actual conditions of the organization.
The External (Environmental) Context	The organizations external environment is rapidly changing; this includes market competition, the economy, politics, the culture, technology, government rules, globalization and the dynamic state of the union. To be able to adjust to these changes, HRM should also be adjusted to manage in the organizations new environment.

#### 4.3.1.2.1. Business Strategy

Almost all of the HR managers who believed in the best fit approach identified business strategy as the central alignment for HR strategy. Accordingly they emphasized that (competitive) business strategy was the foundation when they developed their HR strategy and with other related variables followed this. In other words, they believed that business strategy played the most dominant role in HRM.

The HR managers realized that the business was the core determinant of the organizations activities, for example: *“we are profit motivated; of course business strategy becomes the main reference (Hs17: 2)”*. One HR manager expressed differently, saying HR should not become a barrier to business development: *“like it or*

*not, we [\*HRM] must not be a barrier when there is a plan for business improvement. That must not happen (Ag11: 3)". Moreover another in a stronger statement said business should be as the General or Commander of the organization: "We have an understanding that our General or Commander is business. HR management is not the goal but is a tool to achieve the organizational objectives; so we are as a supporting system (Ag11: 3)".*

Due to their understanding that business was the core determinant, furthermore the HR managers who supported a contingency approach mentioned the importance of alignment between business strategy and HRM. The following selected statements expressed is view: *"our HR strategy approach depends on the business strategy that we have chosen (Ag3: 3); the organization's goal becomes a main determinant in developing HR strategy (Tx11: 4); always adjusting the business strategy... and HRM must always be on the same track (Tx1: 8); if there is a change in strategy, we [\*HRM] must also change (Hs15: 10); in our field [\*HRM], we [\*HR department] have to adjust to the organizational strategy and change quickly. If not, we will be left behind by the rapid external and organizational change (Hs9: 10); whatever change happens in management, the HR department must follow it; there is no constant general pattern (Ht10: 15); that's right, there is no constant formula, I do believe in a dynamic role, especially in HR (Ht11: 25)".*

On how to adjust to the changes in business strategy, some HR managers emphasized that HR strategy should be adjusted gradually by saying: *"not radical modification, but adjustments (Hs8: 12); not total changes (Tx3: 6); adjustments were done by priority*

(Ag5: 9); *strategy should be determined based on conditions (Tx3: 8); which contents should be adjusted are flexible (Ht12: 18); we usually adjust it based on the financial ability (Ht6: 7)*". Some other HR managers believed that adjustment should be done spontaneously or automatically following the changing of business strategy: "*when business strategy changes, automatically we have to change HRM (Ag12: 18)*" or by saying "*influenced; of course HR policies will automatically adapt to the changes of company strategy. It can be seen as a chain link (Tx5: 10)*". One of HR managers mentioned the use of balanced score card: "*we align business strategy and HR using a balances score card (Ag9: 3)*".

Another finding of this study was the belief by HR managers that "*alignment between business strategy and HR strategy is a never ending process (Ag11:11)*". Furthermore, alignment becomes spontaneous or even an un-recognized process due to the intensive communication among key persons. One HR manager stated: "*because we regularly meet, alignment was happening automatically (Ag9: 15)*"; whereas another said "*because we have meetings continuously, we did not feel something had changed; but in fact, we adjusted something new to our HR strategy (Ag11: 11)*". Finally, since alignment between business strategy and HR strategy becomes a continuous process, it is considered as a natural adjustment: "*we often don't recognize that we have adjusted our HR strategy, so it happens naturally (Ag11: 10)*".

Examples of how HR departments adjusted their HR strategy to match the business strategy were also given by HR managers, for examples: "*our company just changed the market positioning; so we also responded by preparing our staff to be able to serve that*

*new segment at their best (Ht14:7)”. Another example was “When a shift in business strategy happens, we always follow it. In the past, our hospital placed technology as a competitive advantage, but at the moment almost all hospitals have a similar strategy. Then we turned to staff professionalism as a competitive strategy (Hs2: 13)”.*

#### **4.3.1.2.2. Internal (Organizational) Context**

The organization’s size, structure, stage in the organizational life cycle, and access to capital or quality of business funding are the dimensions which relate to the best fit (contingency) approach

##### ***Organization’s Size***

The HR managers mentioned that the number of employees should be considered carefully in the HR strategy. This partially related to some issues: understanding the strategy, participation in developing and strategy implementation, communication, and controlling. In general, HR managers from bigger companies considered the size of organization was a more important variable in developing HR strategy than smaller ones.

The following statements illustrate the HR managers views on the theme of organizational size: “*we feel we are still small, so we designed a HR strategy as simple as possible, but able to support the maximum achievement of our organizational goals (Ag10: 10 )*; *we must be careful in formulating a HR strategy because there are thousands of people who we have to manage; it is not easy (Ag9: 7)*; *we have many employees, therefore the strategy to manage them is not easy (Ht14: 7)*; *with*

*approximately 10,000 employees you could imagine how difficult it is to make them understand about the intentions of our corporate strategy (Tx4: 9); it is not easy to communicate what we want with employees who have very diverse backgrounds; if we are not careful in formulating the HR strategy, we'll be at a loss of control during implementation because thousands of employees will be involved (Tx10:6); we are lucky because we are a technological-intensive hospital, we can minimize the number of people so it is easier to understand their wants and to control them (Hs9: 8)".*

### ***Organization's Structure***

HR managers considered that the philosophy underpinning the selected organizational structure should be understood and accommodated into HR strategy. They explained that different organizational structures play a different role in how they control the organizational processes. They also stated that different structures have different needs for developing and implementing strategy. Moreover, they believed that the more complex the processes the more carefully the organization has to.

The study found three different types of organizational structure: *"We have a simple organizational structure; it is a line structure. As a consequence, we adjust our HR strategy so it will not create problems of communication, coordination, controlling, and feedback (Ag8: 2); that's true... by using a matrix structure, our HR strategy should be able to accommodate flexibility of all departments in strategy implementation (Hs7: 3); we have a divisional structure. Accordingly, we should design HR strategy which able to cover all of the divisions (Tx10: 3)".*

### ***Stage in the Organizational Life Cycle***

HR managers said that different stages in the organization life cycle (*start up, growth, maturity, and decline*) have different consequences for managing people to achieve the organization's goals in that situation. Consequently, they declared that these different stages needed to be examined seriously in relation to the HR strategy. The HR managers identified that most of the organizations are in the growth (thirty four companies) and mature stages (twenty seven companies), while only one company was at start-up and one company was in the decline stage.

The HR managers from the growth stage organizations mainly focused on how employees should be more productive to accelerate the speed of growth, for example: *“the organization needs to move faster, we [\*HR manager] have the main job to ensure that people are able to support that (Ag8: 6); we are in the expansion stage, we need more productivity (Ag12: 7); my boss told me: don't obstruct this growth with your people's problems (Tx3: 5); if needed, we put some non-core jobs to the third party (Hs9: 8); we do not hesitate to learn with other hotels within the group to push the productivity (Ht7: 7); we are in the expansion stage to boost revenue. HR should have sufficient speed (Ht16: 5)”*.

The majority of HR managers in the mature stage organizations pointed to the importance of maintaining productivity, they said: *“we have to maintain our productivity to ensure that we are able to maintain this stage (Ag6: 6); Because a company needs a stable supply to maintain the market, the only answer from the HR department is to maintain productivity and loyalty of employees (Tx4: 6)”*.

The HR manager from the start-up company emphasized: “*my priority is to prepare and manage employees in terms of quantity and quality (Hs6: 6)*”. Where the HR manager from the company in decline explained: “*we are in a difficult situation. We have to encourage innovation and creativity in our people to move beyond this decline (Ag3: 5)*”.

#### ***Access to Capital or Quality of Business Funding***

The HR managers considered that even the best HR strategy would have no meaning if not supported by a sufficient budget. For that reason, accessibility of funding to support HR department programs should be in place obligatory to the HR strategy. The following statements support the importance of financial access in HRM: “*money plays a significant role in HRM (Tx7: 5); how are we supposed to encourage productivity, if there is no incentive (Ag 13: 9); a compensation strategy will be of no meaning if we have not sufficient financial support (Hs3: 7) understanding that the money spent by us [\*HR department] will contribute to the organization’s performance is important to be understood by the entire organization’s members; however we have to provide a proof for that (Ht12: 6)*”.

#### **4.3.1.2.3. External Context**

The dimensions linking the external context to the best fit (contingency) model are *market competition, technology, government rules, global changes, economy conditions, culture, and the role of the union.*

### ***Market Competition***

HR managers reported that market conditions, either domestic or export are very dynamic. Accordingly, organizations need to pay seriously attention to these if they want to survive in this competitive arena. It is not only the existing players but the threat of new comers that can be either local or international.

The HR managers in the agriculture sector were concerned with dynamic competition for heir products and how to deal with the situation: *“our market expansion will be Malaysia, China, and India so we have to look at our internal capability (Ag9: 15); the market is always changing, we have to change too (Ag11: 12); whether we are still competitive or not by using the existing strategy, it should be answered by the organization (Ag11: 12)”*. Competition was also a concern for the textile HR managers particularly because of the invasion of textile products from China: *“yes... because external conditions, especially the market competition forces us to change (Tx1: 4); the textile market is very vulnerable, and has very competitive rivalry (Tx3: 9); product competition has a big influence; especially now that there is a Chinese product with quality at the same level, while the price is cheaper (Tx5: 10); competition in the textile industry is very tight, especially with the entrance of textile products from China (Tx7: 7); we are not rigid, we see the market dynamics (Tx11: 1)”*.

International competition was also a concern in the hospital industry. In addition to competition among them, there is the changing habit among Indonesian people to go abroad for medical treatment. Another trend is foreign hospitals operating in Indonesia: *“hospital customers are not easy to be understood (Hs1: 17); the changing behavior for*



*medical treatment abroad (especially Malaysia and Singapore) poses a threat to the hospital. Moreover, some foreign hospitals have opened in Indonesia with a competitive price (Hs2: 13); direct flight to Kuala Lumpur and Singapore make it easy for people to get medical treatment abroad (Hs3: 20); customers often compare us with foreign hospital services, while they want to pay less (Hs8: 3); there is open competition in the hospital services (Hs13:1); there are many hospitals around us; that's a challenge (Hs11: 2); we also have to see other hospitals, what kind of services they have (Hs12: 1)”.*

The hotel HR managers were more concerned with domestic competition and also mentioned the dynamic competition in their arena. For example: *“we always open our eyes to other hotel services (Ht1: 8); the most influential factor is competition. Market competition among five stars hotels in Jakarta is very competitive (Ht6: 2); there are many new hotels established surrounding us, so we have to compete fairly (Ht9: 2); today, our competitor invents ‘x’; tomorrow what will be invented? (Ht12: 3); the hotel market in Jogja is very competitive (Ht 13: 7); for sure, competition is the most influential factor. Our market is locals, and there are many hotels surrounding us (Ht15: 5)”.*

### ***Technology***

HR managers described technology playing a significant role in the changes to people management. Some of the issues related to the rapid changing of technology, such as, information technology, production technology, material handling technology, communication technology and transportation technology. These changes have

considerable implications for HRM as they affect the number of people, work systems, coordination and control, and the decision making process.

HR managers from the agriculture, textile and hospital industries were truly concerned with the rapid changes of technology and the implications for HR strategy: *“previously, we worked manually, now we are a computerized based company. The number of people has been adjusted (Ag6: 2); Technology is changing dramatically; they [\*employees] learn a lot, saving cost, improving productivity... (Ag8: 3); we positively respond to the changes of technology; we do not mind spending a lot of money (Ag12: 20); technological changes are very influential (Tx1: 8); technology is not a simple problem (Tx3: 9); textile technologies should be changed gradually every five years if we don’t want to be categorized as an out of date company. Whereas, the cost is very expensive and bank loans are not easy (Tx5: 10); hospital equipment is very expensive; while their technology changes continuously (Hs1: 17); we combine between good people and high technology (Hs8: 4); advanced equipment must be backed up by sufficient funding (Hs11: 2)”*.

Different from the HR managers in agriculture, textile, and hospitals, the hotel managers mentioned that technology was not such a crucial issue as in other industries: *“there is no significant differences among hotels in terms of the technology that they use (Ht4: 7); yes, we upgrade our equipment gradually, but it is not the most important thing (Ht11: 5); we provide a free wireless broadband for customers, but other hotels have also similar facilities (Ht 12:7); there is standard technology for hotel industry, such as lifts, air conditioning, entertainment, bath rooms, and kitchen sets (Ht17: 8); online booking,*

*payment with cards... I think almost all of hotels, especially four and five stars, have also these services (Ht19: 10)”.*

### **Government Rules**

The most frequent government regulation mentioned by the HR managers was Act Number 13 of the Year 2003 which concerns Manpower. Furthermore they stressed the importance of understanding and following the Act as the most important rule for managing people in their organizations. This act regulates the basic principles of manpower management in Indonesia; such as, employment relations, protection, wages and welfare, and industrial relations. More specifically it sets the minimum wage that must be met by companies. HR managers receive notifications of district minimum wages from their districts manpower ministry when it is updated every year.

The following selected quotations express the HR managers views related to government rules: *“the most influential external factors are from the government such as the regional minimum wage regulation (Ag3: 4); at least, we should follow the minimum wage regulation but we are above it (Ag6: 21); government rules related to manpower and wages must be followed without question (Tx3: 10); regulations are not negotiable (Tx5: 10); we refer to act number 13 year 2003; that’s the basic guidance (Tx11: 6); regulations are given factors; we have to follow them (Tx12: 6); our man power regulation is not hard to be followed (Hs1: 17); we should understand the man power regulation so it will not obstruct us (Hs9: 10); our fundamental rule is not to violate the law (Ht5: 10); the man power act absolutely must be followed (Ht14: 7); the external variable is the government rules, especially the minimum wage regulations (Ht16: 5)”.*

In addition to Act number 13 Year 2003, the HR managers also mentioned other government rules, such as export-import regulations, for example, *“we have to obey the export-import regulation (Ag5: 1); before the free market, exports must be via association, but now we directly export to customers (Ag7: 1); we have to obey the export quota although we are able to export more than that (Tx5: 10)”*; another regulation was the industrial waste regulation *“there is a government rule for treating waste safely (Ag13: 5)”*; and, similarly, hospital regulations *“hospitals are highly regulated by government, we must obey all of the rules very carefully (Hs 10: 15)”*.

### ***Global Changes***

The global changes identified by HR managers included the mobility of foreign employees, international standard processes such ISO, and regionalization and free trade agreements. The HR managers suggested that these aspects must be considered in the HR strategy so the organization does not have any problems from international communities, such as an export ban, restrictions of raw material imports and or other forms of unofficial embargos from other countries.

Regionalization of market has had a particular impact on the manufacturing industries, for example *“because APEC is coming, we have cut some non core business functions... to be transferred to third parties (Ag6: 2); APEC, AFTA, and now CAFTA, what’s next? (Ag9: 6); AFTA is not easy for us; now comes CAFTA... [\*China ASEAN Free Trade Area] (Tx3: 9); CAFTA has been implemented; what should we do? (Tx5: 10)”*. International standards or certificates such ISO were also mentioned by the HR

managers: *“changes to quality reports and the production process as required by ISO (Tx13: 6); we follow what are desired by ISO (Tx5: 10); as an example; ISO requires the coaching of staff periodically. If we do not do so the certificate may be cancelled (Tx7: 2)”*. While other HR managers were concerned about raw materials: *“raw materials; cotton is 100% imported (USA, Australia, China, India, Pakistan); chemical materials are also imported, production machines & spare parts are also imported. The marketing orientation is also to export, to Europe and Asia. Thus, this company is very sensitive to the global dynamics (Tx4: 1)”*.

In terms of international mobility of people, the HR managers also mentioned the implications of this to the organizations: *“foreign staff are entering the Indonesian manpower market. It should encourage us to find better systems in recruiting local staff so their quality is not worse than foreigners (Ag6: 22); as an international chain hotel, there are some expatriates here (Ag6: 5)”*.

### ***Economic Condition***

The most influential economic variable recognized by the HR managers as a turning point for HRM practices in Indonesia was the economic or monetary crisis of 1997-1998. At that time, the exchange value of the Rupiah to the US Dollar was falling down and interest rates were also very high. As a result, many companies in Indonesia went bankrupt and terminations became widespread. The HR managers mentioned that this tragedy changed the mindset of people in Industry generally and within HRM, and subsequently the role HR plays has become more significant in organizations.

The HR managers also related some positive outcome of this crisis on HRM as represented in the following statements: *“the impact was positive for us because we are able to change our work system (Ag8: 2); we really started to become professionals after the crisis, the momentum of the crisis made us aware, in terms of managing people professionally (Hs12: 1); in 1998-2003 (economics crisis), we didn’t recruit employees. We hired seasonal employees so there was no fixed cost for that (Ag5: 9); during the crisis, mass dismissal was done. We learned from that, and now we are growing again (Tx10: 9); during the crisis, we adjusted and modified our HR system to be more reliable in facing the turbulence (Ht17: 8)”*.

In addition to the economic crisis, the HR managers also mentioned other economic factors, such as the inflation rate, exchange rate of the Rupiah, and the labor market. In relation to the inflation rate, they emphasized the influence of inflation on HR strategies, especially compensation, incentives, and training strategies: *“Inflation is also important and should be taken into consideration...How is the purchasing power from the salary that they have received. If the salary cannot meet the necessities of life, how can we expect them to be productive? (Ag12: 3); when inflation was high, we had difficulties to adjust the employees salary policies (Tx1: 2); the increase of the salary level in our company is strongly influenced by inflation growth (Tx7: 3); don’t forget... the operational cost of HR strategies, particularly those dealing with external partners, are strongly influenced by the rate of inflation. The higher the rate of inflation, the greater cost we needed, for example trainings cost... (Hs15: 6); if inflation gets high, the purchasing power of consumers will decrease, the corporate revenue will also decrease, so how do we pay the employees’ salary? Whereas, they need more money to survive in*

*this difficult situation (Ht5: 4); if inflation is stable, especially low [\*and stable], it will allow us to be better in formulating compensation and incentive strategies (Ht13: 5)”.*

The exchange rate of Rupiah to the US dollar was also considered an important factor for some, when formulating HR strategy, more specifically this related to expatriate salaries and the cost of imported raw material: *“If the Dollar exchange rate is high [\*expensive], it’s not easy for us to pay the expatriates salary (Ht8: 3); the effect of Dollar is not really significant.. we predict it annually. Only when high deviation of prediction happens, the problems will arise (Ht17: 2); when the Dollar goes up, we will have trouble because we import raw materials while our market is local (Tx4: 7)”.* The high rate of dollar could also benefits some by reducing the costs of local materials (including employees) or improving the return for locally based companies with an export market orientation, especially the agriculture industry: *”This is the benefit of being locally based. We are not much influenced by the dollars volatility (Ag5: 7); we actually receive more benefit if the value of Dollar gets higher. We use local raw materials and employees, while our market is exports (Ag10: 4)”.*

### ***Culture***

As respondents were scattered throughout Indonesia multicultural aspects country influenced HR practice. The HR managers said they have to manage the differences between organizational culture and local culture wisely in the HR strategies. Moreover, they identified some specific topics related to culture: work mindset, employees’ values and belief, employees’ behavior, and acculturation management.

The influence of local cultures on the organization and how organizations manage these are seen in the following selected statements: *“externally, the most influential factor is culture; In Minang [\*Padang, West Sumatra], cultural values greatly affect people’s lives, including their working lives (Ag3: 2); honestly, there is an influence from local culture; we are in the Javanese culture society. We were born and became a big company in Yogyakarta (Ag6: 2); generally, there is an influence from local cultural values (Ag11: 16); we are established in the Javanese culture society; Yogyakarta. So, the Javanese culture can be felt easily (Tx5: 10); because we are established in the society which upholds cultural values, so Balinese traditions become part of our daily work life. We are also very close with the Hindu community (Ht8: 3); generally, the Banjar people have a negative image about hotels. It becomes our challenge to provide evidence that Hotels could be ‘a clean business’ (Ht11: 9); we highlight Javanese culture, although our approach to employees is a multi-cultural approach (Ht17: 9)”*.

The characteristics of people across the five main Indonesian cultures are represented by the following HR managers’ statements: *“Minang people are egalitarian, very democratic. They do not hesitate to speak out and to be criticized (Ag3: 8); the characters of Medan [\*North Sumatra] people are unique. They tend to be temperamental and direct (Ag12: 4); the characters of Javanese people are humble and submissive. They are loyal and not demanding (Ag5: 8); Banjar [\*Banjarmasin, South Kalimantan] people are gentle. The most important thing is don’t offend them. They are similar to Javanese people (Ag8: 8); the characters of Makasar people are temperamental, quick-tempered; but they have a high responsibility. To handle them, we should behave gently. Because if something hard meets something also hard; they will*



*be broken. However, in certain times we should behave hard, while in other time we should behave as a friend (Ag10: 14); Balinese people have great respect and abide by the tradition's rules. They tend to be honest and friendly people (Ht8: 2)".*

In terms of positive cultural values among societies and how these can be managed by organizations, the HR managers explained: *"Minang people prefer to be traders; if they are productive they will receive more. We translate that with an incentive model in the compensation system (Ag3: 8); Javanese people are not demanding (Ag5: 8); it tends to be easier to manage Javanese people, including their loyalty and productivity (Ag3: 8); the good thing about Javanese people are that they are submissive, not much complaining, they understand when the company is in a difficult situation (Tx1: 7); Makasar people are temperamental, however, if we approach them in a proper manner they will behave and work nicely (Hs6: 6); Makasar people are temperamental, however, when they can accept the reasons they will be loyal (Hs 13: 6); when serving guests, the characters of the Makasar people [\*temperament] do not appear. They work as a professional (Ht3: 10); generally, Banjar people are friendly and they have a high teamwork orientation (Ht9: 5)".*

In terms of negative cultural values among the societies and how organizations should pay attention to them, the HR managers recommended: *"Minang people have greater attention to people from their family when working in the same organization (Ag3: 8); Javanese people tend to be slow and submissive; they have no great fighting spirit (Ag5: 8); Here is not an industrial region. Their culture is agrarian (Ag6: 6); the weakness of Javanese people is that they are slow; so they are not easy to be motivated (Tx1: 7);*

*because of the influence of agrarian culture, the spirit for self-development is not high (Tx9: 7); actually, Minang culture does not align with the hotel values. The most basic principle in the hotel industry is 'to serve' while Minang people want to be served (Ht1: 4); it is not easy to hire Medan people to work in hotel industries. They tend to be temperamental (Ht2: 5); because they are temperamental, Makasar people often do not realize their faults. They to point the mistake of others or even their superiors (Ht4: 4); Balinese people have many traditional ceremonies which affect work hours. We should be more flexible, every single individual has the flexibility to manage their holidays, as long as they don't conflict with the organizational rules (Ht8: 2)".*

### **Union**

HR managers said that unions, as the representation of employees, played an important role for conveying the aspirations of employees. Moreover they suggested the unions could play a critical role as a business partner.

The following statements illustrate how important the role of unions is and how they should be managed: *"our union has a strong power, but we have a good relationship (Ag1: 7); the most important thing is that we have to listen and have communication with the union (Ag7: 7); the union and the company are as partners, so we have continuous communication to discuss employees' issues and how to make the organization better (Tx1: 2); the management involves the union to discuss organizational issues via formal meetings every three months (Tx5: 9); we have a formal interaction with the union, then the result is signed by the management and the union as a mutual work agreement and reviewed every two years (Tx7: 4); to make a conducive*

*work environment, a mutual work agreement which is signed by the union and the company should be implemented consistently by both parties (Tx9: 9); Here, the union exists to ensure that employees' rights are fulfilled by the company (Hs7: 19); we provide freedom for the union, moreover they become a partner (Hs9: 9); I think the relationship between the company and the union is in harmony, but democratic (Ht5: 13); in certain situations the union is involved in making decisions (Ht6: 21); the union in this hotel consists of smart people; it becomes a dynamic partner to make our organization better (Ht7: 7); the union has a very strong position in this hotel. We put it as a business partner (Ht13: 7)".*

#### 4.3.2. The Role of HRM and Its People in the Organization

The core subcategories relating to the role of HRM and its people in the organization are *two-way linkage* and *integrative linkage*. The general consensus among HR managers related to the role of HRM in the organization can be seen in the table 4.6.

Table 4.6: Findings Related to the Role of HRM in the Organization

Subcategories	The General consensus of Respondents' Statements
The Two-way Linkage Role	Although the organization assumes that people are important assets, HR managers have not been involved in the overall strategic process. They are involved in the strategy formulation and execution but not in the decision making.
The Integrative Linkage Role	Since people are considered the most important asset in the organization, the HR managers play a full strategic role. They are not only the executors of the strategy, but they also are involved in the formulation and the strategic decision making. They are involved in the overall strategic processes.

#### 4.3.2.1. The Two-Way Linkage Role

In the two-way linkage, HR plays a dual function in formulating and implementing organizational strategies, although HR is not involved in strategic decision making. Four HR managers from the agricultural companies, six HR managers from the textile companies, and five from the hospitals, and in all fifteen HR managers who stated that their organizations were using HR in a two way linkage role. No hotel HR managers mentioned that the two-way linkage approach was used in their organizations.

The core properties of two-way linkage embraces to three themes: *organizational mindset, organizational structure, and informal strategic decision processes*. The general consensus among the HR managers related to the two-way linkage can be seen in the table 4.7.

Table 4.7: Findings Related to the Two-Way Linkage

Properties	The General consensus of Respondents' Statements
The Organizational Mindset	The HR managers' role in the organization is to formulate and to implement the strategy. They do not decide the most suitable strategy.
The Organizational Structure	HR departments have no formal representation in the structure of the strategic decision making. As a result, they do not involve in deciding the strategy.
The Informal Strategic Decision Process	HR managers do not even have an informal role in the strategic decision making. The Strategic decision making process is a formal process and they do not have representations there.

### ***Organizational Mindset***

HR managers indicated that where the organization puts human in the organizational process determine the influence of HR department and its people in the strategic decision making process. They clarified that share holders played a dominant role in how the mindset of organization should be. Moreover, they felt that their organizations placed them as strategic partners, in that they were involved in developing the business strategy and translating this into HR strategies and implementing these; but they were not involved in strategic decision making.

In terms of the role of the HR department, four agricultural HR managers explain their experiences in designing and implementing strategy but not in deciding strategy: *“in corporate planning, I [\*HR manager] contribute a work plan and inputs; however the final decision is with the director (Ag1: 2); we are involved in planning only, the management makes a decision then we implement it. Of course we provide inputs (Ag2: 5); the HR department has a space to talk, but not to decide (Ag4: 3); yes....we often give contributions. That’s my job... (Ag7: 3)”*.

Similarly, six textile managers described the two-way linkage role in their organizations, as illustrated in the following quotations: *“for strategic direction, our role is to provide inputs and alternatives (Tx2: 2); the HR department is not involved in making decisions. We implement what the management decides (Tx4: 2); we are as an intermediary function to supply inputs from the bottom to the top (Tx6: 6); so far, the role of the HR department is not part of strategic decision making (Tx8: 1); the organization has not*

*involved us yet; our roles are giving suggestions and implementing decisions (Tx9: 1); we aren't involved in strategic decision making; if implementing, yes... (Tx10: 10)".*

Five hospital managers also emphasized two-way linkage roles by saying: *"in terms of strategic planning, the HR department provides some proposals (Hs1: 4); we prepare scenarios, decision is not our portion (Hs4: 3); we are involved in terms of supplying of strategic plans only (Hs5: 4); the HR department is mainly implementing what decisions have been made, then giving feedback (Hs14: 3); a strategic role? Not yet really.... we supply strategic plans and evaluations to the management (Hs16: 2)".*

### ***Organizational Structure***

HR managers said that the organizational structure is the formal expression of roles for parts of the organization, including the HR department. More specifically, they indicated that whether the HR department has a representative in the strategic decision structure or not, clearly indicates whether HR department plays part in the decision making or not. Furthermore, because they are not part of the strategic decision board, their role is related to designing and implementing strategy only, while the final strategic decisions completely depend on the strategic decision board.

All sixteen organizations that mentioned two-way linkage role of HR, confirmed that they have no specific HR representation in the strategic decision board. The lack of a role as the decision making table can be seen in the following representative quotations: *"we have a CEO, director of finance, marketing, and general affairs. There is no specific HR director as part of the strategic decision board, so formally we are not part*

*of the decision making (Ag7: 2); the HR department is in the general affairs structure, not specifically as a HR department (Tx4: 1); we are report the vice director for administrative and general affairs (Hs4: 4 & Hs5: 3)”.*

### ***Informal Strategic Decision Process***

HR managers mentioned that besides the formal decision process, organizations usually have an informal process and sometimes decisions can be influenced at this level. The sixteen HR managers in the two-way linkage group indicated that such informal processes in their organizations were very rare. If there is an informal agreement, it may be a non-binding agreement. As the result, the contribution of the HR department is purely formulation and implementation of the strategy; they are not strategic decision makers. This is demonstrated in the following quotations; *“The strategic decisions completely depend on the official decision of the strategic board; while we are not there (Ag4: 2); we have informal discussions, but often the decisions are not as an informal agreement (Tx6: 3); formally we are not involved in the strategic decision process yet. On the other hand, there is no informal decision process (Hs1: 4)”.*

### **4.3.2.2. Integrative Linkage**

Through the integrative linkage, HR participates throughout the strategic formulation and decision process and also plays an integral role in developing and implementing the organizational strategy. In this role, HRM is a vital part of senior management and effort is made to integrate employee needs and business objectives to meet long-term organizational goals. Nine HR managers from the agricultural industries, six HR managers from the textiles, thirteen from the hospitals, and twenty (all) from the hotels,

and in all forty-eight HR managers who stated that their organizations were using HR in an integrative role.

The core properties of the integrative linkage, which relates to the role of HR management in organization, consists of three themes, these are the *organizational mindset*, *organizational structure*, and *informal strategic decision process*. The HR managers general consensus to the integrative linkage can be seen in the table 4.8.

Table 4.8: Findings Related to Integrative Linkage

<b>Properties</b>	<b>General consensus of Respondents' Statements</b>
The Organizational Mindset	The organizations put HRM into the entire strategic process; including formulation, decision making and implementation strategy.
The Organizational Structure	HR departments are part of the strategic decision board in the organizational structure. Since they are represented in the structure at the decision level, they are actively involved in the strategic decision making processes.
The Informal Strategic Decision Process	Although HR managers are not part of the strategic decision structure, they usually contribute informally to decisions as the result of intensive communication. The strategic decision making process in the formal structure tends to be a formalization process

### ***Organizational Mindset***

HR managers across industries indicated that their organizations put people as the most valuable asset. Accordingly, HRM plays a strategic role throughout all the organizational processes and is actively involved in strategic decision making process.



The following statements describe the organizational mindset of agricultural industry; “we [*\*all of managers*] have an equal role from formulating to making decisions (Ag3: 2); the concept of the strategy has been discussed in the meeting; so the decision is the result of joint decisions [*\*including HR department*] (Ag5: 2); when the company wants to release a new strategy, the management always involves the department head [*\*including HR*], with the deliberations of the manager. They are more involved in decision making; when it is announced, we are all ready (Ag6: 7); our organization strongly believes in the principle of cross-departmental, mutual contribution; we make decisions together [*\*including HR department*] and implement them together as well (Ag10: 14); we are grateful that the board is listening to our inputs [*\*HR department’s inputs*] we’re even involved in decision making (Ag12: 22)”.

The following quotations express the situation in the textile industry: “so far... my position [*\* HR manager*] has been very strategic. It can be said that I am as an acting director (Tx1: 4); we provide alternative strategies, then we discuss them to make decisions (Tx3: 2); we are involved in a strategic meeting annually (Tx7: 2); humans are considered the most important asset, not surprisingly, the HR department plays a strategic role (Tx11: 4); I am [*\*HR manager*] a strategic partner with CEO, consequently I am involved in strategic decision making (Tx12:2)”.

The Hotel HR managers stated that HR is considered their most valuable asset, particularly as they are a service industry. Not surprisingly, all of the hotel HR managers claimed that their organizations integrated HR and actively involved HR throughout the strategic process, including formulation, decision making, and implementation. There

were found similarities among the HR managers roles in the hotel industry, each was as part of the decision making board, usually called an executive committee. This committee consists of the general manager and other functional managers, such as marketing, finance, HR, food and beverages, etc.

The following comments illustrate the rationales for the hotel industry using an integrative role: *“we make decisions via meetings with all of the department heads and the general manager (Ht3:2); we have an executive committee meeting involving the GM and the five department heads; namely assistant executive manager, personnel manager, sales manager, communications manager, and financial controller. This is where strategic matters are decided together (Ht4: 3); ... then we make strategic decisions by the executive committee (Ht9: 4); ... so the involvement of the HR department is very intensive in designing a strategy, deciding what's best, doing it, and even to the control mechanism (Ht12: 2); we have enough space to deliver the program, considerations, thoughts, and are also involved in determining the final decision (Ht13: 2); we [\*HR department] sit together in the executive committee, the GM with all managers. We sit together so that all departments can brainstorm before making a decision (Ht14: 2); the HR department is always involved in strategic decision making, because we are members of the executive committee (Ht16: 1)”*.

Similar to the hotel industry, the hospital HR managers also recognized the importance of the HR role in the organization. Although recently technology has played a critical role, they did mention that those behind the technology are still human. It is not surprising, that most of these managers (thirteen of eighteen) claimed that HRM in their

organizations could be categorized as an integrative role, as expressed in the following quotations: *“humans are the main raw material in our organization. Accordingly, we are placed as strategic players (Hs3: 7); the managers [\*including HR managers] provide data, give inputs, and are involved in decision making; they are also as the main executor (Hs7: 7); organizational strategy always changes dynamically. The role of the HR department is not only in implementation, but we are also involved in deciding policies actively (Hs9: 9); the cycle of plan-do-act-feed back-new decisions, runs continuously and we are engaged together (Hs12: 8); long-term planning is created by the planning directorate, then decided by the board of directors [including HR director] (Hs13: 2); integrative...however the process is bottom up. HR managers should seek advice as much as possible to be brought into a decision-making forum (Hs17: 3)”*.

### ***Organizational Structure***

HR managers across industries mentioned that how SHRM is viewed in the organization, can be seen in the organizational structure. Moreover, they reported that the HR department is part of the highest structure in their organizations. HR is officially recognized in the strategic decision making structure, and therefore considered as an active strategic player.

HR managers from the agriculture, textile and hospital industries mentioned there are many variations of where HR position sits in the organizational structure; however the essence of it is to ensure the HR manager is in the strategic structure. The following selected quotations express this issue: *“the highest structure consists of a director, then followed by marketing, production, technique, finance and HR managers (Ag3: 2); the*

*HR department is a member off all strategic committees (Ag9: 5); the HR department is part of managing strategic directions, so it is called a strategic human resource department (Ag12: 3); my position [\*HR manager] is directly under the director; and I often take the role of an acting director when he goes out (Tx1:1); clearly, our structure shows that the head of the HR department is a part of the strategic decision structure (Tx5: 3); the highest structure of the HR department is the vice director of HR (Tx7: 2); as the HR director, my position is within the second layer of the structure (Tx11: 1); the highest person in the HR department is the vice director of HR, and of course he is a member of strategic board (Hs6: 3); we have one director and four vice directors, they are: clinical services, supporting clinic, finance, and HR (Hs12: 4)”.*

In relation to the hotel industry, this study found there were similarities in organizational position structure among respondents. In general, hotels are organized by General Manager (GM) then a number of department heads or divisional heads and these certainly included HR. Strategic directions and daily operations are decided in the meeting between the GM and these department heads. The following selected quotations clarify these findings: *“the highest structure in this hotel is the general manager (GM), and is then followed by eight department heads including HR. These nine positions are the highest decision makers (Ht3: 3); monthly, there is an executive committee which consists of the GM and divisional heads including HR. All things related to the hotel are discussed and decided here. (Ht6: 6); the highest meeting is the meeting between the GM and the eight department heads including HR. We call this meeting an executive committee. Here, all strategic decisions are made (Ht9: 4); the highest structure is the GM, who is supported by five division heads; one of them is HR. Those six people are*

*the members of the executive committee, the highest structure of decision makers (Ht12: 1)”.*

### ***Informal Strategic Decision Process***

In addition to the formal process, one textile HR manager and one hospital HR manager said that informal strategic decision making processes also occurred in their organizations. Although the organization has not placed them in the strategic decision board, they have considerable influence to affect a strategic decisions decided by the board. Furthermore they described the board meeting as a formal process to verify the decisions after the real discussions before the meeting have developed solution.

The statement from one textile HR manager was: *“Although I am the highest person in the HR department, I am not part of the strategic decision board. However, experiences show that a strategic decision that is created is no more than what we discussed not in the strategic board. Perhaps this is because my role is quite central in the organizational restructuring process that is currently underway (Tx3: 4)”*. The explanation from one hospital industry is: *“Our hospital is unique and we are like a family rather than a formal organization. Almost all organizational decisions are the result of discussions outside the strategic board meeting. There are strategic meetings, but they tend to be the formalization process of what has been agreed in discussions outside the strategic board meetings (Hs7: 2)”*.

#### 4.3.3. The Determinants of HR Strategy Implementation

The core subcategories connecting HR strategy implementation are *credibility of HR strategy, organizational supports, and the role the HR department and its staff*.

HR managers across the industry sectors believed that to be successful in implementing HR strategy, the strategy must be credible, get adequate organizational support, and the HR managers should be in the right role. The general consensus among the HR managers related to the HR strategy implementation can be seen in table 4.9.

Table 4.9: Findings related to the Determinants of HR Strategy Implementation

Subcategories	The General consensus of Respondents' Statements
The Credibility of the HR strategy	The HR strategy cannot be implemented successfully if that strategy is not relying on the business strategy and the real conditions of the organization. It is impossible to achieve if the HR strategy stands alone and lacks interaction with other organizational factors.
The Organizational supports	A good HR strategy will be 'nothing' if there is no support in the physical and non-physical environment. It may be possible to implement a good strategy without supportive environments; however the performance will not be optimal.
The Role of HR managers	When the quality of HR managers is average or below average, organizations will have many problems in implementing HR strategies. HR managers are the key to HR strategy implementation. It is not only about how to translate the strategy but also how to motivate others and to build collaborations

#### 4.3.3.1. The Credibility of HR Strategy

The credibility of the HR strategy link is determined by the HR strategy implementation which is based on *the understanding of business strategy, compatibility with the prevailing condition in the organization, and involvement of the organization's members in producing the HR strategy*. The general consensus among the HR managers related to the credibility of HR strategy can be seen in the table 4.10.

Table 4.10: Findings Related to the Credibility of HR Strategy

Properties	The General consensus of Respondents' Statements
Level of understanding of business strategy	When HR department people are able to understand the business strategy very well, the formulated HR strategy will be more integrated and rational.
Compatibility with organizational environment	To be credible, the HR strategy should be compatible with organizational characteristics and the surrounding context. When organizations ignore these factors, they will face difficulties in implementation.
Involvement of the organization's members in producing the strategy	HR people are the real people who implement HR practices. So if they are not involved in the strategic formulation process; that HR strategy will lack validity.

#### *Level of Understanding Business of Strategy*

As reported earlier, both the manufacturing and service sector HR managers agreed business strategy was central to alignment of HR strategy. As a consequence, it is not surprising that they underlined that understanding the business strategy was the critical determinant of the credibility of HR strategy. Included in these notions were *understanding and ability to identify the choice of business strategy and its*

*consequences, followed by the ability to translate business strategy into the chosen HR strategy.*

The reasons why HR managers placed business strategy as the most significant factor determines credibility of the HR strategy were: “*we [\*HR department and staff] are here to achieve the business goals (Ag4: 6; I think it’s clear; how can we align if we don’t know what the source of alignment is (Ht15: 5))*”.

HR managers clarified that understanding business strategy means: “*what is the strategy chosen by organization (Ag8: 4); what is our organizations focus (Ag12: 13); what are our competitive advantages (Tx11: 3); what are our comparative advantages (Hs7: 10); how do we compete with others (Hs18: 6); how will the company achieve its goal (Ht10: 7); what is declared by the organization... to accomplish the vision and mission (Ht19: 8)*”. The HR managers also emphasized that “*understanding business strategy should be dynamic; not only just to understand but also to be able to identify the consequences behind the strategy chosen (Ag9: 9); ok, we know this is our business strategy, so what... (Hs9: 10); if we understand it well [\*the business strategy], the next problem is what the implications to us are [\*HR department] (Ht12: 7)*”. Beyond the ability to identify the consequences of business strategy to HR strategy, others highlighted “*how to translate the business strategy into the HR strategy is much more important (Tx10: 9)*”. It is about making sense, because “*a HR strategy can be categorized as a good one when key points of the business strategy can also be followed up into the HR strategy (Ht13: 7); a HR strategy means the strategy in managing people to achieve a business strategy (Hs16: 6); a HR strategy is the mini-prototype of a business strategy in terms of HR (Ag4: 6)*”.



### ***Compatibility with the Condition of Organization***

HR managers suggested that HR strategies could be categorized as credible when they are able to accommodate the organization's characteristics, including *the number and capability of employees, resource and/or funds, the technology that is implemented, and the stage in the organizational life cycle*.

HR managers from both manufacturing and service industries strongly believed that “*strategies decided upon should fit with the conditions here [\*organization] (Tx3: 8)*”. To be fit “*the organization should adjust to the surrounding contexts (Ag6: 8)*”; other comments in relation to employees were “*in making policies we should listen to their [\*employees] aspirations (Ht6: 22)*”. As a result “*if we discuss everything first, according to the conditions, they will go ahead with no resistance (tx10:10)*”; while another HR manager said: “*What we implemented was truly based on what we need; so we got numerous support [\*from employees] (tx11: 4)*”.

More specifically the HR managers recommended some adjustments that should be implemented to make HR strategy more credible, these related to *the number and capability of employees, management style, resource and or funds, technology implementation, and the stage in the organizations life cycle*. Their ideas are captured in the following quotations: “*the number of our employees is getting bigger and bigger, we have to recognize them in our [\*HR] strategy (Ag8: 12)*; *in the recent decade, technology has been taken into consideration more seriously in our HR strategy (Ag13: 13)*; *we just modified our strategy, since we are using technology more intensively (Tx4: 9)*; *a HR strategy means nothing if we do not consider financial support to implement it*

*(Hs11: 4); if our HR strategy is good and fits with the business strategy and other contexts, but we have not sufficient money to do it; it means nothing to the organization (Hs12: 17); since we received more financial support, we [\*HR department] were able to implement our strategy more successfully (Ht8: 12); we give a more serious consideration when the company moves into the mature stage. Our HR strategy has to be stronger in terms of alignment with the business strategy, to keep the company strong in this very beneficial life stage (Ht11: 4)”.*

Two HR managers reported some experiences when their companies hired professional HR consultants from western countries (Deutsch and US), saying unfortunately the companies’ performance worsened with their advice worst precisely. They shared experiences by saying *“in the past we hired foreign HR consultants, our productivity index dropped 10% because they did not adapt to the situation here (Tx3:9); while another HR manager simply said “being too western is not suitable because we are living in an eastern society (Ag9: 4)”.*

### ***Involvement of Organization’s Members***

The HR managers claimed that *involvement in designing HR strategy* resulted in a sense of belonging among the organization’s members, which lead to high *involvement in implementation, evaluation, control and feedback*. Based upon their experience, they believed that the more organizational members involved in crafting the HR strategy, the more credible it would be and of course, the more applicable to that HR strategy. The HR managers also believed that involving employees in the HR strategy formulation would make it easier to be implemented as seen in the following quotations: “we

*[\*organization] tried to involve them [\*employees]; so when it becomes policy, they could implement it easier (Tx 3: 10); when they [\*employees] get involved, usually they are trouble-free in their implementation (Ag13: 7); when people are involved more intensively in a HR strategy development, that strategy usually is more reliable (Ht1: 5); the process of developing a strategy should involve as many people as possible [\*employees] because it will receive many inputs. When the top management works alone, the decision might not be based on what we need (Hs12: 17); the intensity in process [\*HR strategy development] is also a determinant factor, especially in terms of communication (Ht6: 22)”.*

The study found an important rationale for why the HR department should pay attention in how employees at different level have the opportunity to be involved in HR strategy formulation, recognizing they have different degrees of involvement. Generally, the HR managers mentioned that *“the involvement in developing and deciding strategy will encourage a sense of belonging and responsibility to make it successful (Ht16: 5)”*. On the same track, another HR manager explained in more detail: *“if the organization involved more people [\*employees] from the beginning; when the formulation is completed then we communicated again to them ‘this is our strategy’. They will comment: ‘it was our inputs’ then they have commitment to make it successful (Hs12: 18)”*. Employees will voluntarily implement the strategy because they are proud of themselves, another HR manager from one agriculture company said: *“when they [\*employees] -in certain levels- are also involved in decision makings, when those decisions are implemented they will feel proud because those are their decisions too; their wants too; so their aspirations were heard (Ag6: 25)”*. Moreover, this will bring

out the best in employees: *“if they were involved in decision making, they will defend that decision to their best (Hs9: 10)”*.

Although HR managers agreed that employee involvement in the formulation of HR strategy played an important role, they realized this was not simple. *“It is about an art in how to involve every person in decision making. Therefore, when a decision is made everyone becomes part of that decision. In this process, the most important thing is communication so whoever does not agree with a decision will finally accept the decision (Hs3: 21); if they are involved [\*in HR strategy formulation], they usually feel guilty if they do not do it. Moreover, they will control that decision voluntarily (Ag9: 13)”*. Additionally, employee involvement also helped organizations when facing difficulties: *“their involvement will also help resolve the problems [\* HR strategy implementation] (Tx7: 9)*. The additional benefit is that *“if their inputs are part of the decision, they will give input gladly for improvement next time (Tx12: 11)”*.

#### **4.3.3.2. Organizational Support**

The core properties that relate to the determinants of HR strategy implementation are *top management support, partnerships among departments, and organizational culture*. The general consensus among HR managers regarding the organizational support can be seen in table 4.11.

Table 4.11: Findings Related to the Organizational Support

Properties	The General consensus of Respondents' Statements
Top management support	The role of the top management is the key to get support from the rest of the organizations members. When top management gives full support to the HR strategy, other organizational members will not be able to obstruct it.
Partnerships among departments	The HR strategy should be implemented across departments, because people in each department are targets of its implementation. Implementation will face huge hurdles if there are barriers among departments.
Organizational culture	The situation that motivates every single organizational member to achieve the organization's goal should be created. If the environment can be achieved, and HR strategy is an integrated part of the organizations strategy, the HR strategy will be implemented more successfully.

### ***Top Management Support***

The HR managers reported that *the commitment of top management to the chosen HR strategy, back up with HR policies, adequate financial support and managing the implications of HR strategy implementation* play a vital role.

In general, HR managers across the industries expressed similar views supporting the need for top management support as a key to successfully implementing HR strategy. Examples of their views are: *"of course... the role of the director to support [\*implementation] is very helpful (Ag2: 8); for sure... support from the top is very important (Ag11:14); definitely from the top if there is no support from the top management of course I [\*HR manager] can do nothing (Tx9: 10); backup from the top management is vital. If not, they [\*HR strategies] cannot be implemented (Hs15: 9);*

*when we implement it, and the top management did not support them; it would be very hard or even impossible (Ht4: 15); although we are very disciplined... but if there is no support from the management, it cannot be implemented (Ht8: 15); the key word is support, if there is no support, do not expect it can be implemented successfully (Ht11: 15)".*

As mentioned earlier, the HR strategy is formulated based upon business strategy, organizational and external factors. The HR managers emphasized that whatever the HR strategy, all organizational members should commit and support whatever the selected strategy was, because of its importance to achieving the business goals, especially the top management. One HR manager from the textile sector said: *"consistent support from the top management to something that has been decided [\*HR strategy] is crucial, because other people will follow it (Tx1: 7)".* While another HR manager from a hospital said: *"commitment from the top management becomes a key factor, because usually the style of management in Indonesia is centralistic (Hs1: 5)".* Another manager identified that communication with management is an important part for engendering high commitment: *"they [\*top management] will commit to it [\*HR strategy implementation] if they are well-informed; we have to give them as much detail as possible before everything is decided (Ag8: 13)".* If top management commitment is achieved, implementation of the HR strategy will be easier: *"we may influence the top first, but no matter how remarkable our HR strategies, if people at the top have no commitment, it cannot be implemented successfully (Tx10:11).*

Once people at the top have a high commitment to the selected HR strategy, HR managers believed they will support policies to implement the strategy. One of HR manager said of his experience: “*the management always backup our policies, because they do understand what we are doing it for (Tx4: 9)*”. Another manager demonstrated this by saying: “*backup from the management is very intensive every day. It can be said that the top management are part of the [\*operational] actors, although they are not (Tx8:4)*”.

Whit sufficient support from top management, the HR department will also receive further benefits, such as easier access to financial support: “*now, negotiation for the HR budget is getting easier because they [\*top management] believe in us; that what we spend will have a greater impact on the business (Ag13: 6)*”. Another advantage is problem solving support when the HR department is facing difficulties with implementation: “*we once decided policies which had many challenges, however they could be implemented successfully because of the unreserved support from the top management when we dealt with difficulties in the field (Ht16: 6)*”.

### ***Partnership among Departments***

The HR managers expressed the opinion that HR strategy implementation is not just the responsibility of the HR department, but of other departments also. By *communication, coordination, evaluation and control, and giving feed back* all the departments work together to achieve organizational goals. Moreover, they clarified that all departments have *equal responsibility* to implement HR strategy so the organization can effectively ‘play’ as a team.

HR managers across departments believed that even if a company is made up of many departments, they basically need to act in unity. Accordingly, they should work together to implement the HR strategy. One hotel HR manager presented a very good illustration: *“an organization is just like a human body. If one part is ill or even disabled [\*including HR department]; it will affect the others (Ht6: 8)”*.

The following thoughts from HR managers mentioned the importance of togetherness, cooperation and team work, as critical factors for the successful implementation of HR strategy: *“success is not because of him or her but because of the team, not individuals. That’s why team work is very important here (Ag12: 9); our principle is togetherness. Other managers are involved in the work together (Tx1: 2); cooperation with other departments, of course, is an important determinant of success in implementing a strategy (Tx3: 7); if we do not work together, what will they say? We are an organization (Tx11: 9); it is a challenge for us to make the doctors who were trained to be solitary to become a team in our hospital. It really is a struggle (Hs3: 6); each person has their own role in one big team -the organization. Cooperation between them is vital (Hs13: 6); cooperation among people across departments is also very critical to success (Ht6: 22); because we're small, a teamwork model could be well implemented (Ht11: 7); cooperation with other departments is very good, and even when other departments have difficulties, they quite often consult us [\*HR manager] (Tx12: 8); cooperation with other departments obviously influences the successful implementation of the strategy (Ht14: 8)”*.



To achieve teamwork, the HR managers mentioned the importance of communication between them and other managers, and between them and employees as a whole. One textile manager said: *“communication among departments is a critical factor to build teamwork in the organization. Furthermore, awareness of team work will assist in the implementation of the strategy (Tx10: 10)”*. Expressed differently, one hotel manager explained: *“we are always keeping in touch, we are all related ... (Ht8: 4)”*. Another manager from the hospital sector also mentioned: *“dialogue among managers and also with employees makes significant contributions to forming strong partnerships (Hs9: 10)”*.

It does not mean there is no dissention among managers, or between managers and employees. One textile manager said: *“a clash with other managers is a normal thing; the most important thing is how to communicate it so the problem can be solved wisely; with a win-win solution (Ht15: 5)”*. As long as understanding among departments can be achieved by good communication, the HR strategy can be implemented successfully: *“the other departments will support us, as long as we have good communication with them (Ht16: 6)”*

In discussing how to build good communication, HR managers underlined that both formal and informal events were effective ways to maintain their team relationship. One HR manager explained that his organization tends to utilize a formal meeting: *“our main priority is the head department meeting as a forum of communication and confirmation (Ag6: 24)”*. Another manager added: *“we have formal communications such as department head meetings, morning briefings, etc. (Ht11: 7)”*. Although a number of

HR managers referred the importance of formal meetings, they generally agreed both formal and informal meeting should be utilized as media communication. The following statement can be said to be representation of this view: *“collaboration with the other managers? We have a commitment to share thoughts at the either lunch or other moments when there are regular meetings. We always have discussions either formally or informally. It doesn’t matter... whenever, wherever... we have no problem to communicate; we have no borders (Tx5: 11)”*

In addition to communication, HR managers also mentioned the theme of the importance of coordination. They emphasized that: *“coordination is a further step beyond communication (Tx6: 14); coordination tends to be a more formal step to integrate an action (Ag9: 15); communication and coordination are very hard to separate; however coordination is more powerful to make an agreement in the strategy execution (Hs 10: 13); it can be said that there is no coordination if there is no communication (Ht 8: 15)”*.

Some of statements that expressed the importance of coordination in implementing HR strategy are as follows: *“we work together to achieve the organizations goal. To do this, we always learn from each other; coordination is the key factor (Ag6: 25); coordination among managers will support the successful implementation of the strategy (Ag13: 6); coordination among departments are done through formal and informal meetings (tx2: 2); coordination... controlling each other so there is no manipulation in implementing the strategy (Tx4: 9); we must have managerial coordination across departments so the strategy can be executed smoothly (Tx11: 1); we have a coordination meeting across*

*departments weekly so when we have constraints they can be solved together (Hs11: 15; HR strategy implementation is not only determined by the HR department, but as the result of coordination among departments (Hs18: 1); we always have coordination with other departments (Ht3: 11)”.*

### ***Organizational or Corporate Culture***

HR managers across industries agreed that a good environment (organizational culture) that stimulates people to achieve organizational goals enthusiastically should be created. If this environment can be achieved, HR strategy will be implemented more successfully. Moreover, the HR managers identified the critical factors for organizational culture related to *productivity, loyalty, and example or role model* in HR strategy implementation.

One of hotel HR manager said: *“organizational culture affects the successful implementation of a HR strategy (Ht1: 5)”*, while another textile HR manager suggested: *“We create a business culture that spurs people to achieve profit, if there is anything we do it together, including the implementation of the HR strategy (Tx10: 11)”*. A conducive organizational culture will create a conducive atmosphere for the implementation of HR strategy: *“According to our experiences, a corporate culture is important. Incompatibility between the corporate culture and the HR strategy that we must execute greatly impedes success; even in certain cases, we are unsuccessful (Ht16: 5)”*. Due to this important role, it is a critical task for organizations to create and develop the most suitable organizational culture to achieve their goals: *“we conduct employee surveys regularly to develop our culture... as an organization growing dynamically in*

*response to the rapid changing of the external environment (Ag12: 12)”. Moreover, HR managers also underlined the importance of familiarizing all organizational members to the culture: “the awareness of employees to our culture should be reminded continuously. To do this, the union has significantly helped us (Tx4: 9).*

In terms of organizational cultural values, HR managers generally mentioned three themes; they were *productivity, loyalty, and example or role model*. Related to productivity values, these quotations clearly illustrate the importance of creating a situation that encourages the organizational members to be more productive: “*our cultural values are positive. If an employee has already achieved the production standard on that day, he or she may go home. However if he or she wants to do more, the company will always welcome this (Ag4: 7); we always encourage employees to be more productive (Ag8: 9); employees work for a living; we motivate them: who is more productive will have a better living (Tx6: 6)”.*

In terms of loyalty, HR managers stated that loyalty make someone voluntarily do their job to their best. This theme is captured in the following statements: “*our people have high loyalty so they will try to do the best for the company (Ag8: 12); we take care of them [\*employees] seriously, so it makes them feel at home and loyal to us. The impact that follows is that they will also work seriously (Tx10: 13); many of our employees have been working for a long time; it is just like their own company. They dedicate their knowledge, skill and ability for the organization (Hs7: 15); our employees feel guilty when our competitor moves a step ahead of us (Ht18: 16)”.*

As these companies operate in a patriarchal society, the HR managers identified the role of example was significant and important to successful HR strategy implementation. The belief can be seen the following excerpts: *“an important leadership principle in this company emphasizes that the higher positions should always be able to give an example to their subordinates, for achieving the organizational goals (Ag 11: 23); example is important. Employees need a role model (Hs7: 19); the style of the leader. Most Indonesian people follow the patriarchal system (Hs8: 12); subordinates always look to their superiors (Tx6: 12); superiors always become a mirror for their subordinates (Ht13: 14); if the management does not work seriously, it is impossible to encourage the employees (Ht20: 11)”*. There was a general agreement among the managers for using a common principle of leadership in the Indonesian context; this is *“Ing Ngarso Asung Tuladha, Ing Madya Mbangun Karsa Tut Wuri Handayani: give examples when in the front, keep harmony when in the middle, and give support when at the rear (Ag11: 23)”*.

Many HR managers stated that their organizational cultures supported achieving organizational goals, and the HR strategy. The following quotations illustrate the supportive organizational cultures: *“the culture here [organizational culture\*] is very supportive (Ht13: 7); most employees have no problem working overtime when needed (Ag4: 7); our employees enjoy their job (Ag10: 14); we are working together with happiness; it’s just like a family (Tx6: 6); money is not everything, they work for honor (Tx8:6); they [\*employees] work just like they would do in their own company (Hs8: 8); most of them have been working for more than 15 years and they have no intention to leave (Hs11: 7); our senior employees are happy to guide their juniors (Ht18: 13 )”*. Nonetheless, some managers did express concern that culture in their organizations

could be a barrier to change particularly; for example: *“honestly, some parts of our culture obstruct the organization from moving faster (Ag7: 12); it’s very hard to encourage old employees; most of them tend to have lost motivation because their lives are already established (Ag13: 11 ); some of them [\*employees] do not feel at home when working ( Tx2: 10); not all of our culture is positive; we are slow, not responsive to change (Hs1:15); our low level staff have difficulties in adjusting to the change (Hs9: 2); they [\*some employees] think that either working hard or not will get the same reward (Hs15: 10); low motivation, difficulty in learning, slow responses are our problems (Ht20: 14 )”*.

Another finding of this study was the intention to create and develop the organizational culture based on their organizational distinctiveness: *“although we invite consultants, they are not to dictate, but to help us to portray who we are, what our unique features are (Ag12:12); for sure, we can’t accept western values directly, we need to sort the most suitable for us (Ag9: 4); we have unique values: honesty, loyalty, and hardworking are our core values (Tx5: 12)”*. Moreover one manager from the agriculture industry shared her experience of when they employed westerners to boost the productivity index, a strategy which unfortunately failed: *“recently, our head office in Nederland sent two people to stimulate organizational productivity. They used their own beliefs [\*western principles] and neglected input from the locals. The result was not an increase in the productivity index that we achieved, but it got worse. Indeed, the work environment also became not conducive; too many conflicts. Now, the management tends to use locals who understand more how to handle employees wisely as long as the organizational goals can be achieved (Ag6: 14)”*.

The study also found that the adoption of local values and religious values were often used by organizations to develop their organizational culture. The following quotations illustrate this issue: *“because the company is established in West Sumatra, our challenge is to change ‘traders’ mindsets into an industrial mindset. As we know, Minangkabau people are known as traders (Ag4: 8); our distinctive feature is the ability to adapt local culture into the organizational values (Ht8: 7); the Javanese culture has the most suitable values to be adapted by our organization (Ag11: 23); here, Javanese culture is continuously reinforced and implanted as a guideline in their work (Ht5: 8); we are living in Bali, naturally we adapt Balinese values into our organization (Ht8: 6)”*.

Religious values were also viewed as a source of organizational culture, especially in the Islamic, Catholic and Christian hospitals and the hotels in Bali; as can be seen the following citations: *“in our hospital, a religious approach [\*Islam] is very helpful because if the entry point is merely management aspects then it won’t get into their minds (Hs1: 12 ); although we are not as militant as Catholic hospitals, ...but we still use Christian principles to shape our work culture (Hs2: 12); principles of catholic teachings are elaborated into our organizational values (Hs: 10); in the last three years, the management has been using Islamic values to encourage work motivation of employees so they work harder to compete with other hospitals (Hs12: 14); we are not a religious based organization but we exist in a society that is highly influenced by Hinduism, so Hindu religious values are adapted into our organization (Ht8: 7)”*.

#### 4.3.3.3. The Role of HR Departments Staff

The core properties of the role of the HR department helps to determine HR strategy implementation are *the HR staff capability, their autonomy, and their commitment*. The general consensus among HR managers related to the role of the HR staff can be seen in table 4.12.

Table 4.12: Findings related to the Role of the HR Staff

Properties	Generalizations of Respondents' Statements
The HR staff capability	As key organizers, HR staff need an excellent understanding of the factors associated with and surrounding the HR strategy. To be able to do this, they need to motivate themselves to learn more and consider different perspectives.
The HR staff Autonomy	In certain circumstances, 'strict' regulation makes it difficult to implement HR strategy. In this situation, it is very helpful if HR have autonomy related to that problem because this gives flexibility.
The HR staff commitment	The HR department is viewed by other departments as the most responsible department for HR programs. Accordingly, as HR coordinators, these employees have to be role models. To implement the HR strategy, they need to demonstrate high motivation, responsibility and commitment.

#### *The HR Staff Capability*

The HR managers said that the HR department is central to implementing HR strategy, so their staff need to be capable of handling all implementation aspects. More specifically, they listed capability in *translating HR strategy into policies and practices, coordinating and controlling activities, communicating with other departments and their members, handling difficulties, and acting as role models for other organizational*



members. The following statements from agricultural HR managers describe the importance of this : “*HR people should be placed in the right position according to their expertise (Ag3: 5); a HR manager should be able to give necessary assistance (Ag6: 10); skill, capability of our staff is crucial (Ag8: 5); of course, depends on the capability of our people [\*HR people] (Ag10: 13); should be supported by HR people who have good analytical capability 13: 6)*”.

Managers from the textile industry made similar comments: “*ability of the HR people determines the success of the implementation of the strategy (Tx1: 7); our ability to analyze the situation will give a high contribution to the success of the implementation (Tx3: 8); the most influential is the ability of the HR people itself (Tx5: 11); to implement a HR strategy, the role of the HR manager is vital (Tx8: 5); how to translate it into action, that deeply relies on our capability (Tx10: 9)*”. Similar comments came from the HR managers from the hospital sector: “*if we [\*HR people] have the ability and expertise, the results will be good (Hs2: 12); I think so. Our leadership will determine the success of implementation (Hs8: 7); to be wise, that’s important. So employees are able to accept and implement the HR strategy (Hs9: 10); to understand what should we do in implementation; that’s the key (Hs12: 10); recognition will come automatically when employees see our conceptual and operational abilities (Hs12: 11); people always pay attention to what we (\*HR people) do so we should be an example (Hs13: 6); other people in the organization will follow us (Hs16: 5); the HR manager should be a role model (Hs20: 12)*”.

The viewpoint was also shared by the hotel managers; for example: *"don't make a gap, embrace them then they will participate with happiness (Ht1: 7); cultural approach is very helpful to encourage people in implementation (Ht3: 12); when people believe in our ability they will follow us (Ht6: 9); giving examples is very helpful (Ht7: 3); in certain times we must be firm, in (an) other times we should be more flexible (Ht10: 16); deeply relies on the ability of the HR people to explain and convince (Ht13: 7); how we play our role as a primary actor (14: 8); be a role model... (Ht18: 10); understand people's characters then encourage them (Ht21: 12); think of us [\*HR people] as they are [\*organization's members] so we know how to drive them (Ht22: 9); keep in mind that we have sufficient skill and ability to organize the implementation (Ht24: 11)"*.

### ***The HR Staff Autonomy***

To implement HR strategy successfully, the HR managers underlined the importance of and need for autonomy for their position. They emphasized that *autonomy in making policies, managing activities, and handling difficulties* was essential for them and this can be seen in excerpts from all the industry sectors.

For example agriculture HR managers' stated: *"I have sufficient autonomy; it's really helpful (Ag1: 6); I really have the discretion to implement the strategy based on the situation of the organization (Ag2: 2); I have the autonomy and responsibility at the same time. The most important thing is how to use it (Ag3: 3); we receive general guidance; then we have the flexibility to execute HR strategies in the best way based on our judgments (Ag4: 7); we have space [\*autonomy] to solve problems that occur during implementation (Ag6: 7); how far is my autonomy? It depends on how much I am*

*able to receive it (Ag8: 4); there are regular meetings but they weren't to discuss small things that could be handled by managers (Ag10: 6); although every single manager has autonomy, but we must have synergy among departments (Ag11: 15); to implement a HR strategy, we need adequate autonomy to do that (Ag12: 24); every HR policy should be authorized by the HR department (Ag13: 7)".*

Similar comments came from the textile HR managers: *"all decisions related to implementation is up to us [\*HR department]; as long as it's on the right track (Tx1: 7); I need autonomy to implement the strategy (Tx3: 7); autonomy? Not fully. It tends to be flexible but that's enough to support the HR strategy execution (Tx4: 10); it's critical; how to use autonomy that we have from the management (Tx5: 11); I need autonomy proportionally as a manager (Tx9: 11); as long as it's already decided; we always receive autonomy to do it within our context (Tx10: 10); every manager needs autonomy according to their field; so do I (Tx11:4); we have no complicated rules; the management believe us in how we do it [\*autonomy] (Tx12: 11)".*

A number of HR hospital staff also supporting the need for autonomy, for example: *"autonomy is needed to make our moves more flexible (Hs2: 12); the management believes in us to do the best (Hs4: 10); autonomy is important but it depends on us, how to use it (Hs5: 9); there is space for us to make judgments (Hs8: 8); beyond input from colleagues, there is my right to make decisions (Hs10: 13); clearly the autonomy that we have is an influential factor for the success of the implementation of the HR strategy (Hs12: 18); we know where we should go, and we have a right to organize how to go there (Hs13: 9); executing a HR strategy is more complicated, so we need flexible*

*approaches to do it (Hs14: 7);after the HR strategy has been decided; it's our arena to implement it (Hs15: 14); we received full autonomy, unfortunately we still have difficulties to use it in practice (Hs 16: 5); autonomy our space is more than enough (Hs17: 3); autonomy is an important part people at the managerial level (Hs19: 9)".*

This was an important attribute for HR managers from the hotel sector; for example: *"of course as a manager, my authority must be clear. If there are restrictions, I will act within those restrictions (Ht1: 6); it's rational for flexibility to be within our hands, since we are directly involved in strategy implementation (Ht2: 12); as long as it's in my field; the manager gives me autonomy, however I always consult him [\*CEO] (Ht3: 10 ); that's true, my autonomy as HR manager is great, but I have to report monthly (Ht4: 3); we have full autonomy but should reported on how we use it (Ht5: 8); we need trust to succeed in the mission charged to us (Ht7: 6); we have autonomy to organize implementation as long as it doesn't go out of the vision, mission, and budget (Ht8: 6); as long as it's in our autonomy, we may move flexibly (Ht9: 5); our autonomy is very flexible. It moves across departments -as long as it's related to HR (Ht12: 8); autonomy? Yes, but don't let someone receive something beyond her/his capability (Hs13: 8); for sure, autonomy to do our function as HR manager is extremely needed (Ht 15: 5); we need it, unfortunately sometimes the management still do not completely believe in us (Ht16: 6); the General Manager (GM) gives us autonomy to make decisions when needed (Ht17: 8); how to implement HR strategy was handed to me... whatever the policies... as long as they do not damage the company (Ht19: 9); the GM gives full autonomy to me as HR manager (Ht20: 11)".*

### ***The HR Staff Commitment***

HR managers advised that *time-line commitments, budget commitment, and reward-punishment commitments* should be kept in mind to implement HR strategy effectively.

The following selected agriculture HR managers' statements describe the importance of commitment: "*it [\*HR strategy implementation] is our job to do it (Ag1: 7); when needed, rule must be enforced to support the success of the HR strategy implementation (Ag7: 7); the HR people are the primary actors, so we have to commit to what the organization has decided [\*HR strategy] (Ag8: 13); the HR people must have commitment to change, as is needed by the HR strategy formulated (Ag11: 12); ...and the commitment of the HR people to transfer from top [\*strategy] to bottom [\*policies and practices] (Ag12: 24)*"

HR managers from the textile industry ask related the importance of HR staff commitment: "*Oh yes... the HR manager's commitment is very important (Tx3: 8); the HR people's commitment should be improved as the organization is getting complicated (Tx5: 11); as a form of our commitment, it doesn't matter for us to work overtime. The most important thing is that the system must be running well (Tx6: 8); some companies offer me 'better' jobs, but it is my commitment to the company; the change must be completed first (Tx8: 10); eight hours is not enough for me; working overtime tends to be my routine. That's my consequence as the HR manager (Tx10: 13); we already had a time to speak, then it's our turn is to have commitment (Tx11: 5); we should have people from the top, middle, and low level, who commit to do what we have decided (Tx12: 7)*".

Similar comments came from the hospital HR managers: *“There is no time for giving up; we have to try, whatever difficulties there are (Hs1: 15); commitment, of course, is very critical to the success of implementation (Hs2: 12); commitment is easy to be said but difficult to be done. However we must do it because it’s very important (Hs5: 9); if we don’t even have commitment to implement it [\*HR strategy], what about others (Hs8: 11); commitment of the HR people is very (demanding) necessary (Hs10: 15); superiors must have a commitment to succeed (Hs15: 11); luckily, our peoples [\*HR people] commitment is very good so it makes it [\*HR manager] easier for me in implementing the strategy (Hs16: 5); what we have done, that we will follow (Hs17: 3); although our commitment is not the only variable for success; but its very important (Hs19: 13)”.*

Hotel managers used similar comments to support the significant role of HR staff commitment for the successful implementation of HR strategy: *“the determinant factor is that our managers have the same commitment (Ht1: 4); there is no doubt that the commitment of the HR people is very needed (Ht3: 22); the HR department should pay attention continuously regarding consistency in the HR strategy implementation (Ht6: 22); it can be said that, however good a strategy is, but if we [\*HR people] are not able to be a role model, it will be nothing (Ht7: 20); our people should have dedication to do what we have formulated (Ht9: 5); assertiveness to implement a strategy should be done consistently (Ht11: 24); commitment is not only about us [\*HR people] but for all of the organization’s members (Ht14: 4); that’s our responsibility; we must have commitment (Ht15: 8); when there is a decision, we must have commitment to do it. If we are inconsistent; others will follow us (Ht 16: 6); that’s our responsibility; we must have*

*commitment (Ht19:14); our consistency will influence others to do the same thing (Ht21: 10); good strategy, good people, good environment, high commitment; that's what we need to be successful in HR strategy implementation [Ht25: 9]; as a commander, I [\*HR manager] should be able to show that I do what I decided (Ht28: 13)".*

#### 4.4. Conclusion

This chapter has reported the findings from sixty-three HR managers across the agriculture, textile, hospital, and hotel industries. The findings suggest that the main categories related to the concept of SHRM in the Indonesian context were; the approach to SHRM, the role of HRM in the organization, and the determinants of HR strategy implementation.

The approaches to SHRM were either based on a best practice or universalistic approach or a best fit or contingency approach, with the latter being predominant properties associated with best practice were the organizational processes, the market conditions, and the stage of organizational life cycle. The properties linked to the subcategory of best fit were the business strategy, the internal or organizational context, and the external or environmental context. It should be noted that no HR managers from the hotel industry indicated a best practice approach was being implemented in their sector.

The findings also indicate that the two subcategories connect to the role of HRM in the organization either through a two-way linkage or and an integrative linkage. The

properties that formed subsets of these were the organizational mindset, the organizational structure, and the strategic decision process. The distribution of responses relating to the approaches to SHRM and the role of HRM in Indonesian organizations are presented in table 4.13.

Table 4.13: Distribution of Indonesian SHRM

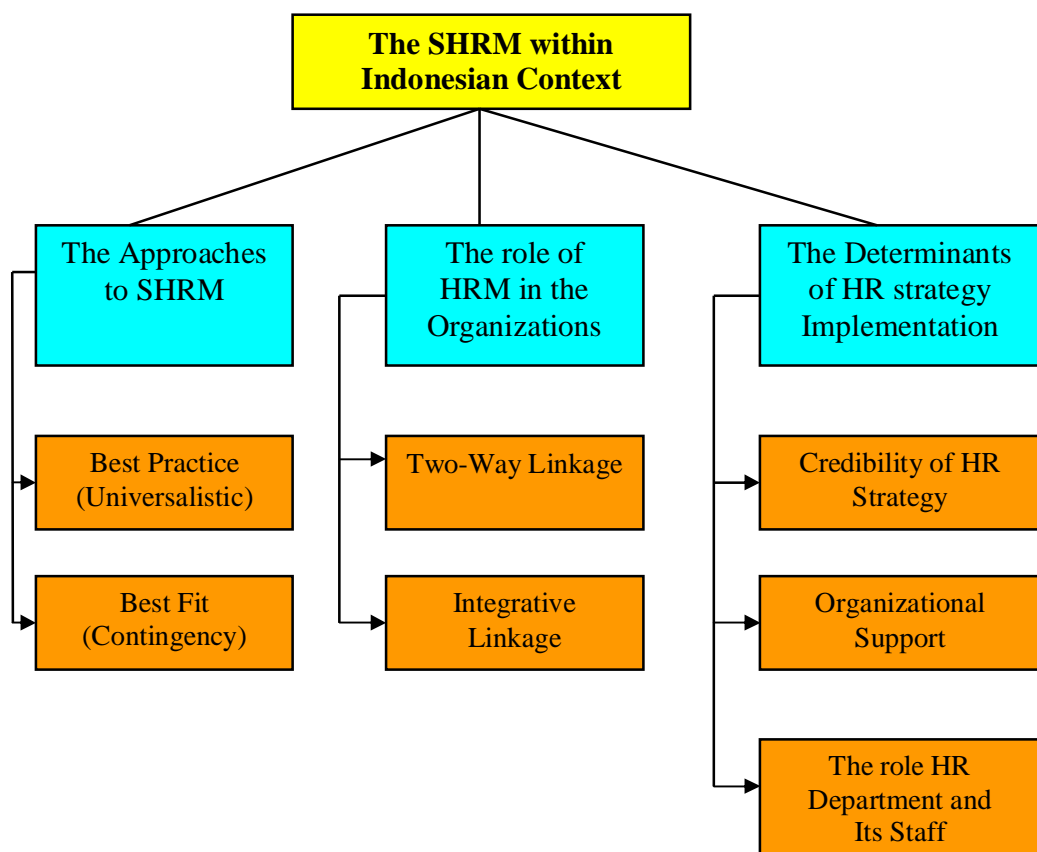
Types of Industry	Approaches to SHRM			Roles of HR Department and Its People		
	Best Practice	Best Fit	Total	Two-way Linkage	Integrative Linkage	Total
Agriculture	4	<b>9</b>	13	4	<b>9</b>	13
Textile	3	<b>9</b>	12	<b>6</b>	<b>6</b>	12
Manufacturing	7	<b>18</b>	25	10	<b>15</b>	25
Hospital	3	<b>15</b>	18	5	<b>13</b>	18
Hotel	0	<b>20</b>	20	0	<b>20</b>	20
Services	3	<b>35</b>	38	5	<b>33</b>	38
Total	10 (15.87%)	<b>53</b> <b>(84.13%)</b>	63	15 (23.81%)	<b>48</b> <b>(76.19%)</b>	63

The findings reported in this chapter indicate the determinants of HR strategy implementation were the credibility of HR strategy, the organizational support and the role taken by the HR staff. Moreover, the properties related to credibility of the HR strategy were the level of understanding of the business strategy, the compatibility of the HR strategy with the conditions of the organization and the involvement of all the organizational members. Organizational support referred top management support, an



organizational structure that gave independence and prominence to HR, and partnerships among departments. The final influence was the organizational culture. The final category that influenced the implementation of HR strategy was the role of the HR professional; this influence is through the capability of the HR staff, their having a degree of autonomy to implement the HR strategy and the commitment to make it workable. All findings are summarized in figure 4.1 and will be discussed in chapter five.

Figure 4.1: The Summary of Research Findings



## CHAPTER V

### DISCUSSION AND CONCLUSION

#### 5.1. Introduction

This chapter discusses the findings identified in the previous chapter in relationship to literature. The some of findings have been presented and received feedback from five different peer-reviewed international conferences. Moreover, one of these papers was selected as the best paper in HRM stream at the 1<sup>st</sup> International Management and Business Research Conference, Denpasar-Bali, Indonesia, 23-24<sup>th</sup> August 2006. A list of these conference papers is provided in appendix 5.

To make it easier to understand the discussion, the chapter follows the same structure of the research findings as they were presented in chapter four. The chapter begins by discussing the findings in relation to the approaches to SHRM, these being the two core categories of the best practice, and or the best fit approach. The best practice approach focuses on the organizational mindset, market conditions and stage of organizational life cycle. In the best fit section of the discussion, the focus of attention is the influence of the internal or organizational context and external or environmental context, and how these and the business strategy, affect and relate to HRM practices.

The next part of the chapter discusses the findings related to the role of HRM in organizations and whether it serves a two-way linkage or an integrative linkage role. The

subsets of this discussion concentrate on the organizational mindset, organizational structure and informal strategic decision making.

In the next section is a discussion of issues related to the determinants of HR strategy implementation; they are credible strategy, organizational support, and the role of the HR people. More substantial discussions related to the categories of those three constructions are presented accordingly. The chapter concludes with the limitations, conclusions, recommendations and directions for further study of SHRM within the Indonesian context.

## **5.2. The Approaches to SHRM**

The research findings suggest that two approaches are being practiced by Indonesian organizations; they are the best practice or the universalistic approach and the best fit or the contingency approach. Although the best practice approach is practiced by much fewer Indonesian organizations (16%), however the organizations using this approach are able to achieve good organizational performances and survive in a very competitive business environment. The alternative approach used by 84% of organization is the best fit approach and these organizations are also able to demonstrate some high achievements.

### **5.2.1. The Best Practice (Universalistic) Approach**

The rationale behind employing the best practice approach is mainly because the ten organizations that used this approach work in three following conditions: the

organizational process is simple, the organizations have a captive market, and their organizational life stage is already mature. Adopting general principles of HRM has allowed them to survive for a long time. This rationale clearly addresses Boxall and Purcell's (2008) doubt that quite often companies employ the best practice approach with a lack of reasons. These Indonesian companies have been using the best practice successfully as is evidenced by their survival through the serious Asian economic crisis in 1997-1998.

The finding of a best practice approach existing within Indonesian companies is in line with Habir Larasati's (1999:1) findings: "HRM in Indonesia is a complex process with both national and international influences. The cases suggest national conditions need not hinder the adoption of international best HRM practices". Furthermore, Sitalaksmi & Zhu's (2010) study also mentioned the pervasiveness of best practice in changing Indonesian HRM practices.

The research findings also provide stronger support for the universalistic principles in SHRM, 'there is a general pattern of HRM that can be implemented universally' (e.g. Armstrong, 2000, 2009; Bolman & Deal, 1997; Guest, 1997; Delery & Doty 1996; Petterson et al. 1997; Telpstra & Rozell, 1993). The most recent studies conducted by Aydinli (2010), Gould-Williams & Mohamed (2010), Lee et al. (2010), Razouk and Bayad (2010), and Stavroua et al. (2010) all present support for the best practice in HRM being adopted internationally and leading to a convergent approach. HRM is becoming more uniform as business becomes more global and companies in different countries may adopt similar organizational structures, processes, and practices (Carr &

Pudelko, 2006; Gooderham et al., 2004; Mayrhofer et al., 2004; McGaughey & De Cieri, 1999; Paauwe & Boselie, 2005; Vanhala et al., 2006).

The best practice findings in this study suggest that common characteristics of HR strategies, policies and practices that are employed by Indonesian companies are: recruitment using internal channels, and advertising if necessary, to attract good candidates; the selection process focuses on attitude toward choosing the best candidate with a high motivation to work; intensive training to develop skills and attitudes; continuous performance appraisal focuses on individuals as an instrument for promotion and incentives; minimum wages are the base line of compensation and these are combined with incentives based on productivity or performance. Another important strategy is providing sufficient space for employees to speak out, as well as social activities that maintain harmony among employees and between the employees and management (for detail see appendix 3).

These findings are in line with the general characteristics of best practice frequently cited in the literature such as, Ostermans' (1994) universalistic model of innovative work practices, Delery and Dotty's (1996) seven strategic HR practices, Woods' (1996) universalistic model of high commitment management (HCM), Pfeffer's (1998) seven practices of successful organization, and Appelbaum's et al. (2000) high performance work system (HPWS). In summary, Boselie et al. (2005) report that four most often reported HR practices considered as universal or best practice include careful recruitment and selection processes; training and development to enhance skills, teamwork, and commitment to their job; contingent pay to increase employee work

motivation, and rigorous performance management, this includes conducting appraisals to achieve high organizational performance and ensure employees are treated fairly.

It is difficult to specify what practices are needed for best practice in HRM (Boxall & Purcell, 2008). “There is not one fixed list of generally applicable HR practices or systems of practices that define or construct HRM” (Paauwe & Boselie, 2005: 69). Furthermore, Boselie et al. (2005) indicate that at least twenty six HR practices have been examined by scholars in relation to the universalistic principles. Although recognising a need for diversity in HR practices, scholars do agree that these should promote autonomy, commitment, and team-work (Ichniowski et al., 1997; MacDuffie, 1995; Osterman, 1994; Pfeffer, 1994, 1998; Wood, 1996). To find the most suitable approach to HRM the organization needs to experience and learn what best suits them, for example, some companies in this study conducted social activities to strengthen relationships among employees, which leads to a higher performance of team-work. The research findings support this view and a number of the respondents did identify that they maintained their current practices because they had been successful over a period of time, and no doubt only required minor, rather than major changes. This constancy helps them managing their people to achieve their organizational goals and survive in a very competitive business environment.

The findings also identified that the Indonesian organizations that employed best practice had good performance. A number of respondents credited their sustained profitability and sustainability to their HR practices. They clearly saw no need to change from best practice approach because they are able to achieve good individual and

organizational performance. The indications of good organizational performance were proven by market domination and stability of profits, or high productivity, high loyalty, and low absenteeism. This matches other evidence that the universalistic approach can enhance either individual performance (Gong et al., 2010; Guthrie, 2001; Sun, 2007; Varma et al., 1999) or organizational performance (Becker & Gerhart, 1996; Guthrie et al., 2002; Combs et al., 2006; Farias & Varma, 1998; Lee, 2010).

### **5.2.2. The Best Fit (Contingency) Approach**

Clearly most favoured among the Indonesian companies was the contingency approach to SHRM, with eighty four percent (84%) of respondents favouring this approach. In other words, the majority of respondents adopted their HRM practices to their own specific context. Furthermore, central to the best fit model was business strategy and linked to this fundamental driver was need to link contingencies from the internal and external environmental. The main driver for using a contingency approach was response to the dynamic business environment. The managers identified that needed to be aligned to those changes to achieve organizational goals. The internal factors included the organization's size, structure, and the stage of its organizational life cycle, as well as access to the capital or in some cases the quality of business funding. The external factors included the market competition, technology, government rules, global changes, economic conditions, culture, and role taken by the union.

The findings that HRM should fit with business strategy, and either internal and external contexts provide further strong support for the best fit or the contingency approach,

which many HR scholars consider the superior approach to SHRM (e.g. Boxall & Purcell, 2008; Delery & Doty, 1996; Jackson & Schuler, 2007; Lengnick-Hall & Lengnick-Hall, 1988; Lengnick-Hall et al., 2009; Sisson & Storey, 2000; Tissen et al., 2010). Although scholars may focus on different aspects of fit, they agree that to achieve better performance, HRM should be able to fit itself, or adjust to its surrounding internal and external, as does business strategy. This means organizations need to be flexible (de Pablos, 2005; Ketkar & Sett, 2010; Milliman et al., 1991; Wright & Snell, 1998).

Organizations that are able to adjust their fit to the external and internal opportunities and threats flexibly will be able to respond quickly to environmental demands, so sustainable competitive advantage can be achieved. Accordingly, HR flexibility is considered a dynamic capability that helps organizations adapt to changing environmental contingencies (Bhattacharya et al., 2005; Hitt et al., 2001).

The contingency approach to SHRM has also received much support in various studies across countries. This is also recognized as a divergent approach where companies in each country can adopt to their specific context; therefore there are different ways to manage people in organizations. The specific contexts that have an influence include the institutional, political, structural, cultural, and social differences which exist within both the organizational and national context (Aycan, 2005; Hofstede & Hofstede, 2004; Pauwee & Boseli, 2003, 2007; Pudelko, 2006). Habir and Rajendran (2007) confirm that the changing face of HRM in Indonesia has been influenced by multiple factors, including the politics, economy, social, and cultural aspects. Furthermore others describe that HRM in Indonesia is a complex process with both national and international



influences (Habir & Larasati, 1999; Gunawan & Nankervis, 2006; Singleton & Nankervis, 2007).

In relation to Indonesia, there is existing evidence supporting the utilization of the best fit approach by Indonesian organizations. Sitalaksmi and Zhu (2010) found that the transformation of HRM in Indonesian state-owned enterprises was determined by the firms' relationship with both internal and external stakeholders. Rhodes et al. (2008) also found evidence the successful implementation of the western strategic management practices, such as a balanced scorecard, needed adjusting to suit the Indonesian characteristics. They, moreover, mentioned some critical factors that should be taken into consideration; these included the national culture, leadership style, organizational culture, and current HRM practices.

#### **5.2.2.1. Business Strategy**

The HR managers underlined that business strategy was central to the alignment of HR strategy, and accordingly they emphasized this was the foundation to their HR strategy. Business strategy plays the most dominant role in HR strategy and all often related variables follow on from this. Changes to the business strategy can be both gradual and spontaneous adjustments, and thus the alignment between business strategy and HR strategy is considered a never ending process, so intense and continuous communication among key personnel is very important to ensure the process can be achieved.

The finding that the role of business strategy as central to HR strategy is clearly in line with the major SHRM literature (e.g. Bamberger & Meshoulam, 2000; Boxall & Purcell,

2008; Leopold & Harris, 2009; Lundy & Cowling, 2000). Dyer (1984a: 161) says: “organizational strategy is the major determinant of organizational HR strategy”. Business strategy is also a representation of “...what the company wants to accomplish, how it wants to behave, and the kinds of performance and performance levels it must demonstrate to be effective” (Lawler, 1995: 14). The pioneers of SHRM studies, Michigan’s model (Fombrun et al., 1984) and Harvard’s model (Beer et al., 1984) clearly put business strategy as the source of reference for HR strategy. Furthermore, the two well-known SHRM typologies were proposed by Miles and Snow (1984) and Schuler and Jackson (1987) also emphasize this. Miles and Snow (1984) provide evidence that different strategies require different HR strategies. Miles and Snow’s (1984) typology of strategy describes the prospector, analyzer, defender, and reactor as business strategies that require different formula for HRM. Similarly, based on Porter’s (1980 & 1985) typology of business strategy, Schuler and Jackson (1987) provide further evidence that cost-reduction, innovation, and quality enhancement business strategies need different employee behaviours, which leads to a different HR strategy, and these ideas are clearly supported by Indonesian HR managers.

#### **5.2.2.2 Internal (Organizational) Context**

The HR managers in this study identified that the organization’s size, structure, and stage in the organizational life cycle, were internal factors that influenced the HR strategy. Along with this, the HR managers also mentioned that another critical factor was access to the capital or the quality of business funding. This matches with previous findings (e.g. Daft, 1998; Jackson & Schuler, 2007; Jackson et al., 1989; Jones, 1984; Perrow, 1986; Storey, 2009; Woodward, 1994)

### *The Organization's Size*

The study respondents explained that the number of employees (or the organization's size) should be considered carefully, as this has a bearing on HR strategy. Some of the issues were how well employees will understand the HR strategy, how they can participate in developing and implementing the strategy, and how the organization communicates and controls them. An Organization with more employees needs to pay more attention on how to manage them in consideration of the HR strategy.

Concern about matching to HR strategy with number of employees has also been identified in the literature (e.g. Baird & Meshoulam, 1988; Boxall & Purcell, 2008; Jackson & Schuler, 1995, 2007; Jackson et al., 1989; Jones, 1984; Kalleberg et al., 2006). The size of the organization and whether it has simple or complex processes need to be taken into consideration in the HR strategy. More specifically, Baird and Meshoulam (1988) suggest that smaller and more informal organizations are able to have more flexible styles of HRM. In contrast, more sophisticated and professional approaches are needed to handle the greater complexity of a firm that is large and more mature.

Boxall and Purcell (2008), Jackson and Schuler (1995, 2007) emphasize that HRM varies systematically with the organization's size. Moreover, they recommend that HR strategy in larger organizations should pay more attention to the processes, procedures, employee involvement, sophisticated staffing, training and development procedures, the development of internal labor market, the appraisal system, compensation and incentive

or other benefits. These opinions of HR managers who use the contingency approach clearly support these views.

Similarly, Jackson et al. (1989) and Jones (1984) also mention the implications of the organization's size on HRM. They emphasize that people in large organizations are likely to be managed differently from small organizations. Jobs in large organizations are generally more specialized to increase efficiency; for example, this study found that employees in the manufacturing industries, especially the textile industry, must have specific skills to operate specific production machines. Consequently it requires less diverse skills which mean it needs less training overall. In terms of supervision, small organizations may be managed through direct interaction between the highest and the lowest level of employees, an approach that is impossible to be done in large organizations. It is not surprising if in small organizations HRM tends to rely on more informal methods of performance appraisal. Another difference relates to the internal labour market. Due to specialization and greater possibility of slack resources in large organizations, it is possible to develop the internal labour market by entry through lower-level jobs, internal promotions, career paths succession planning, rewards for seniority and formal grievance procedures. Most of the organizations in this study preferred to utilize the internal labor market for management positions, as they would have a better understanding of the complexities involved in managing Indonesian people. However, in certain circumstances, they did sometimes recruit externally for higher managerial levels, so they could gain the benefits of their experience and develop a better global awareness.

More specifically, related to organizations with more complex employees; (Boxall & Purcell, 2008; Kalleberg et al., 2006) describe that they often have multiple HR system; one model for management and another for professionals, or it might be one model for core operating staff, and another model for support employees. By employing multiple HR systems, employees can be managed more appropriately based on their complexity so, both fairness and performance can be achieved simultaneously. This study found that some companies with complex tasks for employees, especially in the agricultural industry, adopted multiple systems of HRM. There are differences between the HR system in the head office and SBUs (strategic business unit), as well as differences between production employees and the mostly casually employed plantation workers.

### ***The Organization's Structure***

The HR managers in this study noted that the philosophical underpinning behind the organization's structure and why it is designed that way needs to be understood and taken into consideration in the HR strategy. A different organizational structure plays a different role in how to control the organizations' processes, including how to develop and implement the HR strategy. More complex processes affect the organization's structure and this should be taken into consideration in the HR strategy. This accords with previous findings by many others, including Baron and Kreps (1999), Jackson and Schuler (2007), Sisson and Storey (2000).

Ulrich et al. (2010) identified two different organizational structures, the product based division and the functional department, which influence the formulation of HR strategy (also see Lawler & Galbraith, 1995). The product-based structure is more suitable for

organizations which have several distinct products and serve many markets; while the functional structure is more suitable for a single product or service organization. These views are strongly supported by this study. Five holding companies in this study which have several product lines (such as agriculture, property, hotel, finance, pulp and paper) utilized a divisional structure to cover the differences of each product line, more specifically this relies on group orientation and horizontal work-flow control. While others that had a single product majority used line or functional structures to focus more on individual jobs and hierarchical control.

### ***Stage in the Organizational Life Cycle***

The research findings suggest that different stages in the organizational life cycle (start up, growth, mature, and decline) will have different consequences for managing people to achieve the organization's goals. Consequently, the stage in the organization's life cycle should be assessed carefully and taken into consideration in the HR strategy. Moreover, the HR managers identified that organizations at the start up stage should focus on the HR strategy in how to provide employees in terms of sufficient number and skill required; encourage the employees to be more productive in the growth stage; maintaining employee productivity in the mature stage; and encourage employees to be innovative and creative so the organization can move beyond the declining stage. These findings accord with previous researches, such as Baird & Meshoulam (1988), Lengnick-Hall & Lengnick-Hall (1988), Milliman et al., (1991), and Sisson and Storey (2000). Moreover, the right choice of HR strategy in the different stages of the organizational life cycle lead to a good fit between them, which turns into organizational effectiveness (Schuler & Jackson, 1995, 2007).

### ***Access to Capital or Quality of Business Funding***

Boxall and Purcell (2008) mention the importance of having sufficient funding to implement a good HRM system (also see Armstrong, 2009; Bannet et al., 1998). How good the HRM design is, if there is inadequate financial source provided by the organization; it will not be able to be implemented effectively. As the result, intended goals could not be achieved successfully. The research findings also identified that access to sufficient financial support plays a significant role, because even the best HR strategy will have no meaning if it is not supported by sufficient budget. Accordingly, adequate funding to support the HR department programs must be obligatory for HR strategy implementation.

Based on the HR managers' experiences, some unique phenomenon emerged when implementing SHRM in Indonesia. A small number of organizations had difficulties in gaining sufficient financial support for SHRM, despite that organizationally a strategic approach to HRM had been accepted. The 'trade mark' here is to treat HRM as a cost centre, not a centre of staff investment. In consequence, some HR strategies were not be performed, especially the following up of performance appraisals and the related training and incentives. In these instances the HR managers indicated it was not easy to wipe the negative image of HR out from the people's minds. The HR needs to provide evidence that its contributions are truly in line with the business strategy (see e.g. Andersen, 2007, Wright et al., 2001)

### **5.2.2.3. External or Environmental Context**

Similar to previous findings (e.g. Boxall & Purcell, 2008; Coates, 2009; Delery & Doty, 1996; Jackson & Schuler, 1995, 2007; Roehling, et al., 2009; Walker, 1988) the respondents to the study explained that the external environmental context needed to be monitored and adjusted carefully when formulating HR strategy. This includes market competition, technological changes, government rules, global changes, economics condition, culture, and the role of the union.

#### ***Market competition***

The literature suggests that the market conditions where organizations are involved in competition, can influence the prototype of HRM should be formulated (e.g. Boxall, 2003; Boxall & Purcell, 2008; Jackson & Schuler, 2007; Lepak et al., 2006). The findings from this study indicate that market competition, both domestic or export, are very dynamic. Indonesian companies not only face competition from existing players, they also have the threat of new local and global players. The HR managers underlined the importance of paying attention to competition and its affect on HR strategy. A specific example was given by the textile HR managers whose companies need to deal with the invasion of Chinese products.

Similarly the hospital HR managers face the changing behavior among Indonesian people who want to go abroad for medical treatment and the increase in foreign hospitals operating in Indonesia. Agricultural companies were more concerned with global competition because most of them are export based companies, plus hotel competition is tighter because more international chain hotels operate in Indonesia. The Indonesian HR



managers emphasized that when competition was tighter organizations needed to be more careful in terms of attracting employees, training and development, and compensation strategies (Jackson & Schuler 2007). Moreover, they also differentiated the implications of national and global competition to the HR strategies, identifying that the global market needs demand people who understand the specific context of countries where products or services are delivered (Bartlett et al., 2002; Pudelko, 2006)

### ***Technology***

The Indonesian HR managers express a high awareness to the changes of technology and its implications to the HR strategy. These findings provide support to the previous literature (e.g. Baron & Kreps, 1999; Compton, 2009; Deyo & Donner, 2000; Dyer & Holder, 1988; Godard & Delaney, 2000; Lepak et al., 2004). The research findings indicate that technology also plays a significant role in the changing of SHRM practices. Rapid changes in technology, such as information technology, production technology, material handling technology, communication technology, and transportation technology had considerable implications on the number of people, the work system, coordination and control, and decision making.

In particular HR managers from the agriculture, textile, and hospital industries were concerned because their operations or production are highly influenced by technology. The textile and agricultural industries use machines as the main technology for their production system and this requires employees with certain skills. Accordingly, the HR strategy focuses on building employee competencies and fostering employee commitment to achieve the lowest unit costs (see Jackson & Schuler, 2007; Kintana et

al., 2006). On the other hand in the hospital sector, technology is used in tandem with knowledgeable and skillful people in delivering medical treatment services and the focus is on quality of treatment. Technology was not as crucial to the hotel managers as they rely more on their staff to provide their services and an atmosphere that sets them apart, as they all had similar facilities and technology.

### ***Government Rules***

HR scholars (e.g. Armstrong, 2009; Baron & Kreps, 1999; Boxall & Purcell, 2008; Dyer & Holder, 1988; Roehling, et al., 2009) suggest that legal aspects must be taken into consideration when formulating a HR strategy. There are many aspects of HRM highly regulated by the Indonesian government, such as the minimum wage, insurance, occupation health safety, equal employment opportunity, etc. Jackson and Schuler (1995, 2007) underline that almost all aspects of HRM are affected by the legal and regulatory environment; accordingly organizations should pay attention and ensure that their HR strategies do not contradict with the regulations. There are many studies (e.g. Gooderham et al., 1999; Gospel & Pendleton, 2003; Pauwee & Bosolie, 2003, 2007) that provide evidence that HRM varies across nations due to adaptation to government regulations. In some countries it could be at the regulations to protect the employees, while in others it may be that they provide more benefits to employers or employees.

The HR managers in the study identified three important regulations: the minimum wage regulation, Act number 13 (year 2003) concerning manpower, and Act number 2 (year 2004) concerning industrial relations dispute settlement. The Act number 13 (year 2003) regulates the basic principles of manpower management in Indonesia, such as

employment relation including employee protection, wages and welfare, and industrial relations. The Indonesian Manpower Act sets specific requirements to be accommodated in the HR strategy; these include equal opportunity, job training, job placement, extension of job opportunities, employment of foreign workers, termination of employment, criminal provisions and administrative sanctions. More specifically in relation to the minimum wage, companies receive annual updates of the district minimum wage from the district manpower ministry. The minimum wage in Indonesia is decided differently in each 'kabupaten' (regency) each year. Therefore it is referred to as 'Upah Minimum Kabupaten (UMK)' or a Regency Minimum Wage. In relation to industrial relations dispute settlement in Indonesia, Act number 2 (year 2004) principally consists of procedures for the settlement of disputes and through the industrial relations court, administrative sanctions and criminal provisions (Indonesia Legal Center Publishing, 2004).

It should also be mentioned that the Indonesian government rules related to manpower have dramatically changed following the shifting of the political system from an authoritarian to a more democratic one (Ghosal, 2004; Shiraishi, 2000; Singleton & Nankervis, 2007; Tan, 2006). The political shift has led to significant improvements in basic and civil rights, and compliance with labour standards, such as the minimum wage, union rights, equal employment rights (Manning, 2004; Mizuno, 2005; Rama, 2001; Smith et al., 2002). The Indonesian government has also ratified several key ILO conventions, including the right to compete without discrimination, and freedom of association (Manning, 2004). Another significant change in the Indonesian regulations which needs taking into consideration carefully when designing a HR strategy is that

more regulations have been decentralized to local governments, giving ‘otonomi daerah’ or local autonomy (Devas, 1997; Guess, 2005; Shome, 2005). Other government rules which are mentioned in the study are the export-regulation, waste regulation, and specific regulations for hospitals.

### ***Global Changes***

This study identified that Indonesian organizations continuously face global changes, including the mobility of foreign employees, internationalization of standard processes (e.g. ISO), and regionalization and the impact of being in a free trade area. The HR managers suggested these changes affect the HR strategy (also see Compton, 2009). Organizations need to ensure they have no problems with international communities, such as export bans, restrictions on raw material imports or any other form of unofficial embargos from other countries. This accords with Habir and Rajendarn (2007) finding that Indonesian organizations need to pay more attention to HRM. Indonesian faced a financial crisis, as a result of the Asian financial crisis in 1997, and this provided a very important lesson that global situations will have continuous impacts on the national economy. Accordingly the HR managers in the study agreed that global changes should be monitored, evaluated, and taken into consideration for both the business and HRM strategies.

Lansbury et al. (2006), Nankervis et al. (2008), Patrickson and Hartmann (2001), and Zanko (2003) underline issues such as entry-barriers, tariff reductions, trade agreements (e.g. WTO, APEC, AFTA, CAFTA), economic crisis, inflation rates, and interest rate can all affect the HRM system. This becomes more complicated because of complex

variables within the Indonesian society which sometimes do not match with those global changes. For example:

“... in the competitive process of globalisation and complexity, it is becoming critical to manage sustainable multinational organisations more effectively by using SHRM, and to link this with strategic needs in the larger organisational context. (However they) ... must also work within the confines of (their) local environment as well as a range of laws, politics, culture, economies and practices between societies” (Erwee, 2003: 59).

### ***Economic Condition***

HR scholars (e.g. Baron & Kreps, 1999; Boxall & Pucell, 2008; Schuler & Jackson, 2007) mention that economic variables such as the labor market, unemployment index, inflation, and interest rate should be monitored carefully due to their significant influence to HR strategy; especially related to recruitment, training and development, and compensation strategy. The most influential economic variable which was reported by the Indonesian HR managers as the turning point of HRM practices in Indonesia, was the economic crisis on 1997-1998. Many companies went bankrupt and this led to mass dismissals. The HR managers all viewed this as a tragedy that has changed the mindset all players so that how HR plays a more significant role in organizations.

After emerging from the difficulties of 1997-1998, Indonesia has redesigned its economy to be more resistant to global turbulence. Economics scholars (e.g. Basri, 2002; Eichengreen, 2004; Kim & Haque, 2002; Pincus & Ramli, 1998; Prasetyantono, 2000; Shiraisi, 2001; Smith et al., 2003) suggest this economic reform is on the right track. More recently, Indonesian organizations are working within growth economic conditions: GDP per capita is around \$US 4,000 with a growth of approximately 5% per

year, economic growth is of more or less 6% per year; although this went to minus 13% during the crisis of 1998. The inflation index is between 5 to 8% per year, as compared to about 60% during the crisis. The exchange rate in 2010 is around 9,000 Rupiahs per \$US 1 in comparison to 15,000 Rupiahs ten years ago. The labour force is estimated at 116 million people, the unemployment index about 7.40%, a decline of 3 % compared to 1998. People below the poverty line is around 13%, a big improvement on the 40% during crisis. The minimum wage varies in terms of amount of the money across states with the highest in Jakarta (BPS, 2010; CIA, 2010; Gunawan & Nankervis, 2006; Manning & Roesyad, 2006; Singleton & Nankervis 2007; Wikipedia, 2010).

HR managers mentioned that all these conditions influence how Indonesian organizations design their HR strategies, especially those related to recruitment, training and development, and compensation and other incentives strategy. Companies are highly influenced by economic turbulence, for example when inflation is high, consumers purchasing power becomes lower so sales will decline, revenue drops and this will influence all organizational functions, including HRM. In this situation, for example, usually training programs are reduced or will even be removed from the list of HRM practices. Similarly, when the exchange rates of Rupiah drop to \$ US, companies have difficulties to import raw material and technology, and expatriate compensation becomes higher.

Although it caused suffering, it should be mentioned that the economic crisis has enhanced the paradigm shift of HRM in Indonesia from an administrative to a more strategic role (Bennington & Habir, 2003; Gunawan & Nankervis, 2006; Habir &

Larasati, 1999; Habir & Rajendran, 2007; Prijadi & Rachmawati, 2002; Singleton & Nankervis, 2007; Sitalaksmi & Zhu, 2010). Overall, there is a growing awareness among Indonesian organizations –especially the big companies- that put HR as the most important asset and must be managed strategically as Sitalaksmi and Zhu (2010: 38) state: “in fact, the impact of Asian crisis is believed to be mixed, given that Indonesia is the hardest hit country, where political, social and economy turmoil occurred simultaneously, the impact on HRM in Indonesia could also be unique”.

Indonesia’s financial crisis caused economic instability which was seen in increasing prices of goods and foods and lowered standards of living and quality of life, events that provoked demonstrations and social riots (e.g. Basri, 2002; Eichengreen, 2004; Kinsbury, 2005; Prasetyantono, 2000). The economic crisis paved the way to changing perceptions in how to manage people in Indonesian organizations. There was a fall in demand for goods and services, especially for companies that relied on the domestic market. Simultaneously, the crisis increased the cost of capital, especially for companies accessing foreign sources. As a result, Indonesian companies faced real difficulties, and many went bankrupt. Added to this rapid changes were forced by advances in technology, global competition, and demands for both cost efficiency and quality. These were influential factors that made companies realize they had to change to survive domestically and internationally.

Along with the economic recovery, politics and society in Indonesia have slowly changed; the prices of goods and services are more restrained, the foreign exchange and interest rates are more stable, social life is more peaceful, and the political situation is

more democratic. From an industrial perspective, the economic recovery meant increased demand for goods and services, more stable access to fund and lower risk of capital costs, making it safer for doing business. In general, Indonesia may still have some way to go but it is on the right (better) track.

### ***Culture***

This study investigated the influence of characteristics from across five main Indonesian cultures: the Minang people in the West Sumatra are deemed egalitarian and democratic; they do not hesitate to speak out and to be critical. The Batak people in North Sumatra and the Makassar people in South Sulawesi tend to be temperamental and direct, whereas the Javanese people are humble, more submissive, loyal, and un-demanding. The Banjar people in South Kalimantan are different again; they are gentle and more similar to the Javanese people. The Balinese people are viewed as having great respect and abiding by traditions rules; and they are honest and friendly. Companies that operate in a multi-local-culture country such as Indonesia need to manage the dialectic between organizational culture and local culture wisely in the HR strategy, and this is what many of respondents felt they were able to do. The study findings emphasize that HRM within Indonesian organizations is highly influenced by the culture and strongly support the position of culture in the HRM literature. There has been continuous support for the importance of culture in HRM studies (e.g. Budhwar & Sparrow, 2002; Hofstede & Hofstede, 2005; Ignjatovic & Sveltich, 2003; Tayeb, 1998; Trompenaars & Hampden-Turner, 1998)



Hofstede (1980) proposes four dimensions of culture, which are widely accepted as a typology of culture, these include are power distance, individualism-collectivism, masculinity-femininity, and uncertainty avoidance (also see Hofstede, 1991, 1993, 2001a, 2001b; Hofstede & Hofstede, 2005). Based on these dimensions, Indonesia can be broadly categorized as a country with large power distance, highly collectivist, and slightly weak in uncertainty avoidance; making it quite different culturally to many western cultures. On the other it has a slightly feminine dominance, although this is still quite low on Hofstede's index as can be seen in table 5.1.

Table 5.1: Indonesian Cultural Dimensions

Cultural Dimensions	Indonesia		Singapore		USA		Australia		Britain	
	S	R	S	R	S	R	S	R	S	R
Power Distance	78	15-16	74	19	40	57-59	36	62	35	63-65
Individualism	14	68-69	20	56-61	91	1	90	2	89	3
Masculinity	46	41-42	48	38	62	19	61	20	66	11-13
Uncertainty Avoidance	48	60-61	8	74	46	62	51	55-56	35	66-67
Source: Compiled from Hofstede & Hofstede, 2005.										

Notes:

- S: score on comparative scale , R: rank among countries
- The number of country in the survey was 74 countries
- The lowest score is 0 and the highest is 100, so 50 is categorized as medium.
- Power Distance: 0 is the smallest and 100 is the largest power distance
- Individualism: 0 is the most collectivism and 100 is the highest individualism
- Masculinity: 0 is the most feminine and 100 is the most masculine
- Uncertainty avoidance: 0 is the weakest and 100 is the strongest.

In the workplace, these Indonesian cultural dimensions can broadly be interpreted by Hofstede and Hofstede (2005) as follows:

- *Large power distance*: hierarchy in organizations reflect the existential inequality between higher and lower levels; centralization is popular; there are more supervisory personnel, there is a wide salary range between the top and bottom of the organization; managers rely on superiors and on formal rules; subordinates expect to be told what to do; the ideal boss is a benevolent autocrat or 'good father'; subordinate-superior relationships are emotional; privileges and status symbols are normal and popular (Hofstede & Hofstede, 2005: 59).
- *Collectivism*: employees are members in-groups who will pursue their in-group's interest; hiring and promotion decisions take employees' in-group into account; the employer-employee relationship is basically moral, like a family link; management is management of groups; direct appraisal of subordinates spoils harmony; in-group customers get better treatment (particularism); relationship prevails over task (Hofstede & Hofstede, 2005: 104).
- *Feminine*: management as ménage: intuition and consensus; resolution of conflicts by compromise and negotiation; rewards are based on equality; preference for smaller organizations; people work in order to live; more leisure time is preferred over more money; careers are optional for both genders; there is a higher share of working women in professional jobs; humanizations of work by contact and cooperation; competitive agriculture and service industries (Hofstede & Hofstede, 2005: 147).
- *Weak uncertainty avoidance*: more changes of employer, shorter service; there should not be more rules than strictly necessary; hard-working is only when needed; time is framework for orientation; there is tolerance for ambiguity and chaos; belief in generalist and common sense; top managers are concerned with strategy; more new trademarks; focus on decision process; intrapreneur are relatively free from rules; there are fewer self-employed people; better invention, worse at implementation; and motivation by achievement and esteem or belonging (Hofstede & Hofstede, 2005: 189).

Due to these differences, western concepts, including HRM, need to be adjusted to fit with the Indonesian cultural values. This evident in the example Rhodes et al. (2008) provides, which mentions that the implementation of the balance scorecard -a western based management system, in Indonesia created problems. Similar examples were provided by the HR managers in this study.

It should also be mentioned, cultural dimensions may not be static over time. For example, Habir and Larasati (1999) provide evidence that paternalistic and status orientation behaviours in the work place have eroded enough to allow for more strategic and performance-oriented HRM in Indonesia. Similarly, this study also provides

evidence that the cultural values of the Padang, Batak, and Makassar people tend to be similar to western values. There are also many companies, especially hotels, in this study that have been successfully implementing sophisticated SHRM system that rely on western concepts.

Furthermore, different from previous HRM studies which mention culture in terms of 'national culture', this study suggests 'local culture' is more appropriate for assessing the influence of culture on HRM practices in Indonesia. This is based on the research finding that two contradictive cultural groups have influenced SHRM practices in Indonesia; these are the Javanese, Bali, and Banjar cultures which are identical to eastern values: where people tend to be humble, submissive, silent, and not demanding. The second group, those from Padang, Batak, and Makassar, have cultural values close to western values; they are direct, expressive, egalitarian, and out spoken. Therefore, the additional theme of local culture is needed to capture the richness of cultural variables in the Indonesian SHRM literature.

### ***Union***

The respondents in the study explained that the unions, as the representation of employees, play an important role in conveying the aspirations of employees. In this way unions play a critical role as a business partner, with the organization as the senior or managing partner. This is similar to other findings that union's presence in the organization influences the HRM system (e.g. Boxall & Purcell, 2008; Collins & Smith 2006, Dyer & Holder, 1988; Jackson & Schuler, 2007; Jackson et al., 1989).

HR strategies should be formulated with attention given to role of the unions. Previously, the Indonesian government tightly directed and controlled unions (Bennington & Habir, 2003). Only one union (called Serikat Pekerja Seluruh Indonesia or SPSI) was permitted and this has fully controlled by the government. This tight control was part of a government strategy to create a safe atmosphere to attract foreign investors. This condition was completely changed after Soeharto's resignation in 1997. Under the new government, Indonesia ratified ILO Convention 87 on freedom of association, which provides the right of workers to establish unions of their choosing. Moreover, the Manpower Ministerial Number PER-06/MEN/1998, followed by the Trade Union Act in 2000, were released to provide more freedom to workers in conducting their union activities. Under these new regulations, it is possible for a minimum of 10 workers to establish a trade union (Manning, 2004).

#### **5.2.2.4. The Adoption of the Best Fit in the Indonesian Organizations**

This study produces an important contribution to the best fit or contingency approach and identifies this is the most commonly used in Indonesia. Clearly the business (competitive) strategy is the major variable for determining the HR strategy, which suggests that Indonesian companies indeed use a SHRM approach. However this study also suggests that business strategy is not the only factor which influences HR strategy. Indonesian organizations also mentioned that their HR strategy needs to fit with their existing environment in relation to the organization size, structure, stage of development, and access to capital. It also had to be adjusted to meet external demands such as the market competition, technology, government rules, global changes, economic conditions, culture, and the union presence. In addition, the interaction among

these factors could either directly influence the HR strategy, or the influence could be through the business strategy first, then indirectly affect the HR strategy.

The study also emphasized that, to be effective, HR strategy needs to ensure that individual HR strategies, policies and practices (recruitment, selection, training and development, performance appraisal, compensation, employee relation) are designed to fit and support each other. Just for illustration; when an organization needs ‘an agent of change’, the strategy to ‘buy in’ skilled people should be supported by attractive compensation.

In the past HRM in Indonesia tended to play an administrative role for a long time. The result was that Indonesian business practitioners considered HRM was not as important as other functions in organization such as production, marketing and finance (Bennington & Habir, 2003; Warner, 2000; Habir & Larasati, 1999). This changed after the financial crisis of 1997-1998 and these days HRM has a more strategic role in Indonesian organizations. The fact that the best fit or contingency approach used in the Indonesian context is not something really new approach (Bennington & Habir, 2003; Budiharjo, 1996; Habir & Larasati, 1999; Habir & Rajendran, 2007; Rhodes et al., 2008; Singleton & Nankervis, 2007; Sitalaksmi & Zhu, 2010).

What is new, in terms of the best fit model, is how this model works and what factors are associated with the model. The national political reform and the strengthening of the local government following the economic crisis in 1997 have been significant factors in determining changes to HR strategies, both directly and indirectly. The shift in

Indonesia's political orientation also produced new regulations that gave more support to employees (such as the Manpower Act Number 13 year 2003). Another interesting finding was the importance of 'local culture'. Both are clearly important factors that are seldom acknowledged by western HR scholars who are more familiar with term of 'national culture' rather than 'local culture'.

### 5.3. The Role of HRM and Its People in the Organization

The findings from the study suggest that the strategic decision making role of HR departments in the Indonesian context can be categorized into two ways. First, the HR department is involved throughout the whole strategic process, including the formulating, decision making and implementing of strategy, using the integrative model recommended by Golden and Ramanujam (1985) and Purcell (1995) or the value driven HRM model (Buyen & Devos, 1999, 2001). The second approach is where the HR department participates in formulating and implementing strategy, but is not involved in the decision making process, and this approach has been categorized as two-way linkage (Golden & Ramanujam, 1985) or 'input and react role' (Purcell, 1995). The reasons that explain why Indonesian organizations employ these were the fit with the organizational mindset, the organizational structure, and the informal decision making process. No participants in this study suggested they used an administrative and one-way linkage HR role. This means all organizations in this study put HR department into a strategic role. From an organizational mindset perspective, there is a considerable difference between the two-way and integrative linkage roles of a HR department in the organizational processes. Although Indonesian organizations in this study all claimed people were their

most important asset, the difference was that one group believed HR should play a full strategic role, whereas the second group did not involve HR in strategic decisions. Those companies that saw HR as having a two-way linkage role did not include HR department representation in the formal structure that made strategic decisions. The Indonesian organizations that adopted an integrative HR role included HR department in the formal strategic decision structure. This meant the HR managers were a vital part of the senior management and played a significant role in the overall strategic processes. There were two organizations (one from the textile sector and the other a hospital) that did not have HR representation at the strategic level, but HR was involved in the strategic decision process informally. In this instances, the formal process was used to formalize decision that had been reached through the informal process. This is a unique finding that has not been mentioned in the literature elsewhere.

Four HR managers from agricultural companies, six managers from textile companies, and five HR managers from hospital sector (overall 24%), stated that their organizations used a two way linkage role. In contrast seventy six percent (66%) Indonesian organizations (nine agricultural, six textile, thirteen hospitals, and twenty hotels) practiced an integrative linkage role and involved HR representatives in the overall strategic processes of formulating, decision making and strategy implementation. This suggests that most Indonesian HR departments operate strategically. More specifically, all twenty hotels put the HR department in the integrative and strategic role. The findings provide continue support for the paradigm shift regarding HRM in the Indonesian context as indicated in previous literature (e.g. Gunawan & Nankervis, 2006;

Habir & Rajendran, 2007; Rhodes et al., 2008; Singleton & Nankervis, 2007; Sitalaksmi & Zhu, 2010).

Learning from past experiences, respondents emphasized that their organization pays more attention to how to manage people better, to sustain economic progress and build competitive advantage simultaneously. A general concern among respondents was the need to sustain the major shift of direction in HRM development, away from traditional personnel management (Brochbank, 1999; Lawler & Mohram, 2000). The new direction in HRM is that people need less guidance and supervision, and more scope and autonomy. People should not be seen as a cost but as an asset in which to invest, to add to their inherent value. For this reason the HR managers stressed that HRM must move beyond administrative functions that provide control, compliance, and consistency if organizations are to be more flexible, resourceful, and creative. It is common in the western literature that HR must take a strategic role and employees should be considered as strategic resource (Barney, 1991), that should be employed collectively with other resources (e.g., patent, reputation) to enhance organizational success (also see Pfeffer, 1994; Prahalad, 1983; Wright et al., 1994).

Nowadays, Indonesia cannot use low labor costs as a competitive advantage because other countries in the region and elsewhere have much lower labor costs (Deyo & Donner, 2000). Effective HRM practices can be determined as a key factor and for being regionally and internationally competitive (Cheochampipat et al. 1997, Wolfe & Arnold, 1994). As early as 1999, Habir & Larasaty identified that HRM practices in Indonesia needed a more strategic orientation; they need long term orientation, continuous



learning, knowledge creation, a team focus, empowerment and most importantly they needed to be an integration of HRM with the firm's strategy. From what the HR managers in this study reported, this shift is occurring.

In summary, the paradigm shift in HRM in Indonesia has come about because of the losses suffered following Asian economic crisis 1997. This made organizations aware of how dependant they and the economy were on employee wellbeing (Habir & Rajedran, 2007; Sitalaksmi & Zhu, 2010).

In line with previous studies, Indonesian organizations in this study indicated that their HR department has moved from administrative to strategic roles; these are two-way linkage and integrative role. Golden and Ramanujam (1985), provide some helpful criteria to measure the degree of strategy among HR roles, this includes the motivation for using an integration, approach the view of HR and the HR function, the primary role of the HR executive and the HR function, performance criteria on which HR is measured and the for implementing HR programs or system. Based on these criteria, Indonesian organizations practice both the two-way linkage and integrative linkage approaches; these can be distinguished clearly when examining table 2.11 on page 72.

Those Indonesian organizations that consider HR as important capital that helps them achieve competitive advantages, involve the HR department throughout all organizational activities, both strategic and non-strategic (operational) activities. This means that HR not only deals with day-to-day routine activities, but more importantly, is also involved in the strategic process. This choice is highly influenced by the business owners' mindset. Most service organizations in the study, especially in the hotel industry are categorized to this group and engage HR representation on their corporate board. In contrast, Indonesian organizations that believe HR provides a lower or more moderate capital investment to accomplish the organizations' goals tend to put HR departments into a less strategic role. Although the HR department may contribute to designing the organizational strategy, they are not involved in the decision process. An interesting finding was that two organizations practice 'informal strategic decision processes'.

Literature suggest that to be able to play a more strategic role, HR managers should be involved in the strategic decision making process together with other senior managers as this to provide a greater opportunity to align HRM with organizational objectives and the business strategy (e.g. Bhudwar, 2000; Buyen & De Vos, 1999; Hall & Torrington, 1998a, 1998b; Scullion & Sarkey, 2000; Teo 2000, 2002; Ulrich, 1997a, 1997b). Membership of HR managers at the decision board also creates a better relationship among top people in the organization and increases integration and value creation (Andersen, 2007) which leads to achieving sustainable competitive advantage and higher performance (Koch & McGrath 1996; Wright et al., 2001). This higher involvement of

HR in organizational strategy development is also strongly related to perceptions of HR effectiveness (Wright et al., 1997).

#### **5.4. The Determinants of HR Strategy Implementation**

The findings from this study identified three underlying determinants for the successful implementation of HR strategy in Indonesian organizations, these are the credibility of the HR strategy, the level of organizational support and the role of the HR department and its staff. The HR managers made it clear that the HR strategy will not be able to be implemented successfully if it does not rely on the business strategy and the real conditions of the organization. The HR strategy cannot stand alone; it needs to interact with other organizational factors. Having a good HR strategy is not enough it must be supported in the organization. Unless this occurs performance will not be optimal. The quality of the HR manager is also important. If the HR manager is average or of a low standard problems will arise when implementing HR strategies. Effective implementation is not only about how to translate the strategy into practice, but also about how to motivate employees and build among all of the organizational members into teamwork. These findings clearly provide support for existing literature (e.g. Beer & Eisenstat, 2000; Boswell, 2006; Coates, 2009, De Cieri & Kramar, 2003; Inyang, 2010; Lynch, 2006; Roney, 2004; Storey, 2009; Teo, 2000).

##### **5.4.1. The Credibility of HR Strategy**

The credibility of HR strategy was also considered important by respondents in this study. Credibility is influenced by the understanding of business strategy, compatibility

with the conditions of organization, and employee involvement in HR strategy formulation. These findings support the existing literature, such as Armstrong (2009), Jackson and Schuler (2007), Lynch (2006), and Inyang (2010).

### ***Understanding of Business Strategy***

The Indonesian HR managers mentioned that when HR staff understood the business strategy very well, the strategy was more integrated and rational. A good understanding of the business strategy is thus a critical determinant of HR strategy credibility. Once the HR manager understands and is able to identify the reasons for the business strategy and its consequences, they are able to translate business strategy into HR strategy. These findings provide further support to the emphasis that HR strategy should be sufficiently formulated to give direction and goals that the organisational members understand and can work toward (Boswell, 2006; Huselid, 1997; Kernochan, 1997; Lynch, 2006; Mintzberg, 1987a, 1987b; Reid, 1989). Moreover, when business strategies are well understood by HR managers, they can to send consistent signals throughout the organization that reinforce and support appropriate individual and collective responses in the implementation phase (Bowen & Ostroff, 2004; De Cieri & Kramar, 2003). Based on experiences, the Indonesian HR managers found difficulties in understanding an ambiguity of business strategy which leads to problems in its implementation. Moreover, they underlined that well understood business strategy is a key to successful implementation.

### ***Compatibility with the Conditions of Organization***

A credible HR strategy has to be compatible with the organization's characteristics and its surrounding contexts, including the number and capability of employees, funding resources, technology, and life cycle. If organizations ignore these factors, they will face difficulties in its implementation. The managers in the study identified that every organization should pay attention to its unique characteristics, and experience has taught that benchmarking, or adopting HR strategies from other organizations which have significant differences, including from western organizations, may not provide positive contributions. This approach can even make the situation worse. This finding is clearly in line with recommendations in the literature that suggests HR strategy will be more credible and applicable if it fits with its environment (Coates, 1987, 2009; Jackson & Schuler, 1995, 2007; Roehling et al., 2009; Storey, 2009). Moreover, Armstrong (2009) indicates that HR implementation failure is a failure of the HR strategy in adjusting to its environment. In line with these, the Indonesian HR managers emphasized that HR department should pay sufficient attention to adequately assessing the environmental and cultural factors that affect the content of the HR strategies. This becomes more crucial because companies operate their business in the complex society such as Indonesia.

### ***Employee Involvement***

The literature suggests that the involvement of the HR staff helps the successful implementation of HR policies that can lead to competitive advantage (Inyang, 2010) and enhance commitment during implementation (Budhwar, 2000; Teo, 2000). From a behavioral theory perspective taking account of employees' needs leads to positive

behaviors that assist in implementing HR strategies and help reduce absenteeism, and turnover (Becker & Huselid 1998). These views are strongly supported by the findings of this study. The respondents suggested HR staff and employees are the ones who implement HR practices and their involvement enhances the HR strategy validity. Wider involvement of employees in designing HR strategy, results in a sense of belonging that leads to high involvement and acceptance of both the implementation and in the evaluation. In fact, in some Indonesian contexts, employees will feel guilty if they were involved in developing the HR strategy and do not engage with implementing it.

#### **5.4.2. Organizational Support**

Sheehan et al. (2007) mention the importance of organizational support to the effective implementation of HR strategy. Moreover, successful HR strategy implementation requires adequate resources to support strategic intent, and a well-aligned organizational partnership, coordination, and synergy with other departments (Roney, 2004). These views are strongly supported by the HR Managers in this study, who were adamant that organizational support was necessary for the success of HR strategy implementation, and this relies on top management support, partnerships among department, and the organizational culture.

##### ***Top Management Support***

The Indonesian HR managers explained that top management support is the key to receiving further support from the rest of the organization's members. When top managers provide full support to the HR strategy other members are unable to obstruct it and strategy can be implemented more easily. Top management support and

commitment will also bring other benefits, such as easier access for financial support, or back up from the top if there are problems in HR strategy implementation. These findings are in line with the current literature.

Godard (2004) and Klein et al. (2001) mention the importance of the senior management team in SHRM, including their role in setting the strategic goals and designing the HRM system to achieve those goals. Accordingly, the role of the top management in providing legitimacy to the HR strategy is crucial (Bartram et al., 2007; Sheehan et al., 2007; Stanton, 2010). Top management support for the HR strategy makes it easier to translate the HR strategy throughout the organization's levels (Stanton, 2010) and empowers implementation. The Indonesian HR managers mentioned that top management support was more crucial in a high power distance society such as Indonesia because their positions are highly respected by others. This supports other evidence the senior management has a critical role in developing and implementing HR strategy (e.g. Guest 1997; Lepak & Snell 1999; Macky & Boxall 2007; Wright et al., 1994).

### ***Partnerships among Departments***

After receiving sufficient support from the top management, the successful HR strategy implementation needs the cooperation among departments. The Indonesian HR managers described that the HR strategy should be implemented across all departments, because people in each department are targets of its implementation. The HR strategy is not just the responsibility of the HR department, but other departments. All departments have equal responsibility to implement HR strategy because they need to work together as a team for the good of the organization. Communication, coordination, evaluation and

control, and giving feed back is a role for departments when working together to achieve organizational goals.

These findings are undoubtedly in line with existing literature which emphasizes the adoption and integration of HRM involve different managerial levels across departments in the organization (e.g. Lepak & Snell, 1999; Mayrhofer et al. 2005; Valverde et al., 2006). A number of other studies have demonstrated the important role of middle and line managers in the implementation of HR strategy (Currie & Procter, 2001; Mayrhofer et al., 2005; Purcell & Hutchinson, 2007; Teo & Rodwell, 2007). Based on their experiences, some the Indonesian HR managers provided evidence that the successful implementation of HR strategy was very difficult to achieve without this coordination, or if there was not harmony, either among senior managers or between senior managers and line managers.

### ***Organizational Culture***

The literature suggests that organizational or corporate culture plays a significant role in the implementation of HR strategy (e.g. Lengnick-Hall et al., 2009; Ostroff & Bowen, 2000; Schuler & Jackson, 1987; Wright & McMahan, 1992). These views are highly supported by the research findings. The HR managers underlined that a positive culture that encouraged people to achieve organizational goals enthusiastically should be created. If this environment can be achieved, HR strategy will be able to be implemented more successfully. As Indonesian companies are working within a high cultural and religious society so it is necessary to accommodate local and religious values into the architecture of organizational culture.



Cabrera and Bonache (1999) recommended aligning the culture with HR strategy, as this promotes appropriate employees' behaviors to support the implementation of HR strategy (Schuler & Jackson, 1987). Moreover, there is a causal relationship between corporate culture and HRM implementation. Corporate culture not only influences the implementation of HR strategy, but it is also influenced by the HR strategy implementation (Bowen & Ostroff, 2004; Chan et al., 2004). Organizational culture is also considered as a mediating variable in the SHRM and organizational performance relationship (Ostroff & Bowen, 2000). The findings suggested that the phenomenon of causality between organizational culture and HRM (Bowen & Ostroff, 2004; Chan et al., 2004) were practiced by Indonesian organizations. These cases could be found easily especially in the Indonesian Islamic and Catholic hospitals, and companies in Bali.

#### **5.4.3. The Role of HR Department Staff**

The study findings highlighted that the HR department staff in Indonesian companies were the key people in HR strategy implementation. Accordingly, the HR managers argued that they should have sufficient capability, autonomy and a high commitment to their role to play this significant role. This means HR staff need to be capable of handling all of the implementation aspects; including translating the HR strategy into policies and practices, coordinating and controlling the activities, communicating with other departments and their members, handling difficulties, and even acting as a role model for other organizational members. As the key organizers, HR staff need an excellent understanding of the factors associated with and surrounding the HR strategy. This requires they motivate themselves to learn and consider different perspectives.

The literature (e.g. Armstrong, 2009; Boxall & Purcell, 2008; Buyen & Devos, 1999 & 2001; Golden & Ramanujam, 1985; Guest 1997; Macky & Boxall 2007; Purcell, 1995; Wright et al., 1994) suggests that the HR department plays a significant role in either formulating or implementing strategy. Moreover, in certain organizations HR also is a decision maker due its membership in the strategic decision board. Another finding was that in certain circumstances, ‘strict’ regulations make it difficult to implement the HR strategy. In such a situation, HR staff need autonomy so they have the flexibility to fix the problem and being a decision maker gives HR this flexibility. They need a degree of autonomy that allows them to meet the organizations goals, so that they remain relevant. The HR department is viewed by other departments as most responsible for HR programs and accordingly, they need to be role models. This requires them to demonstrate high motivation, responsibility and commitment. Indonesian HR managers highlighted that the time-line commitment, budget commitment, and reward-punishment obligations should be kept in mind, so for HR strategy to be implemented effectively.

### ***The HR Staff Capability***

De Cieri and Kramar (2003) argue that to be successful in implementation the HR function must ensure that the organization is staffed with people who have the necessary knowledge, skill, and ability to perform and implement the strategy. In other words, HR people –especially HR managers- should have both strategic and operational capability to support their vital role in the HR strategy implementation. Inyang (2010) emphasizes that the HR practitioners must be highly knowledgeable, multi-skilled and obtain core competencies such as business knowledge, strategic vision, credibility and integrity, and

internal consulting skills. These views were supported by the HR managers in this study. They identified the HR department is central to implementing HR strategy and HR staff must be capable of handling all implementation aspects.

### ***The HR Staff Autonomy***

Translating HR strategy into practice is not an easy task. Moreover, the HR managers in this study supported the view that HR acts as a coordinator across the entire organization to ensure that HR policies and practices are implemented properly, as argued previously by Hope-Hailey et al. (2005). When complexity or ambiguity initiatives emerge in implementation, especially in large and diverse organizations, the HR manager needs sufficient autonomy to be flexible in dealing with such difficulties (Guest & King, 2004; Hope-Hailey et al., 2005).

The HR managers underlined the importance of autonomy to act; whether it was autonomy in making policies, managing activities, and handling difficulties. This view has strong support in the literature especially view that HR managers must be actively involved in both formulating and executing or implementing strategy (e.g. Buyen & Devos, 1999, 2001; Golden & Ramanujam, 1985; Guest 1997; Macky & Boxall 2007; Purcell, 1995). In the case of Indonesian managers this is important not only because of ambiguity in their role, but because of the complex socio-cultural variables in the workplace.

### ***The HR staff Commitment***

Literature supports HR playing a dominant role in HR strategy implementation. To be able to play this critical role, it is necessary for HR managers to have deep understanding and high commitment to the HR strategy that will be implemented (e.g. Buyen & Devos, 1999, 2001; Boswell, 2006; Di Cieri & Kramar, 2003; Lawler & Mohrman, 2003; Lynch, 2006; Purcell, 1995; Roney, 2004). The HR managers in the study similarly gave strong support to need for a commitment to HR. This commitment needs to come from the top of organizations and include time-line commitments, budget commitments, and reward-punishment commitments that ensure to the benefit of achieving strategic goals.

#### **5.4.4. The Determinants of HR Strategy Implementation in the Indonesian Organizations**

Overall, the findings related to the determinant of HR strategy implementation suggest that Indonesian HR managers are very aware of the need to link HR and organizational strategy, and their opinions are very much in line with those proposed in the western literature. The successful implementation of HR strategy depends on how well the organization can link HRM to business strategy; this is the essence of strategic HRM. This finding is in line with the recommendations of many HR scholars (e.g. Bamberger & Meshoulam, 2000; Beer et al., 1984; Boxall & Purcell, 2008; Fombrun et al., 1984; Leopold & Harris, 2009; Lundy & Cowling, 2000)

Another finding, in line with the literature, was that HR activities need to be credible to the organization and employees for them to be accepted and followed. In fact, the

respondents also supported credibility of HR strategies as a necessary pre-condition for them to be operationalized at any level of the organization. The other two important criteria they raised were that the HR strategy itself must be credible and that a credible HR strategy can only be implemented in a supportive organizational environment and with a supportive and appropriately skilled HR manager. Respondents viewed credibility as a necessary pre-condition for effective strategic HR implementation, and variously associated this with it being realistic, accurate, specified, consistent, complete and valid.

Their view was that the HR strategy needs to be holistic, to include recruitment, selection, training and development, performance appraisal, rewards and recognition, employee relations' strategies, and employee involvement, if it is to help the organization achieve its strategic objectives. This is also accords with such determinant as understanding to business strategy (Boswell, 2006; Lynch, 2006), compatibility with the organizational context (Jackson & Schuler, 2007; Storey, 2009), and employee involvement (Inyang 2010; Teo, 2000), as has been identified in the western literature. In addition, respondents supported the view proposed by others that HR strategies need to be understood and implemented in a way that is sensitive to the organizations environment (Armstrong, 2009; Kernochan, 1997; Reid, 1989).

Another point respondents made was that having an excellent or credible HR strategy does not necessarily mean that it will lead to successful performance. A well formulated HR strategy that is not organized and implemented properly, will not motivate organizational members to achieve good the performance. The success of the HR

strategy implementation depends not only on how HR professional translates the strategy into action, but also on having adequate support from the organization.

The respondents in this study held similar views to those identified in the literature, in that they believed HR strategies can only be implemented effectively if a number of other conditions exist. Apart from top management support, an appropriate organizational structure that clearly shows the importance of HR and facilitates communication that is clear, so there is the ability to coordinate activities cross-functionally, through either strategic partnerships with HR or other departments and functions. The final condition is a sympathetic organizational culture to support and facilitate engagement of all employees. Taken together these findings replicate those previously espoused by Bennet et al. (1998), De Cieri & Kramar (2003), Gordon (1985), Roney (2004), Wallace (1983), and Zammuto and O'Connor (1992) who all variously argue that implementing strategy successfully requires organizations to not only have the strategic intent, they must also have a well-aligned organizational structure, and the motivation of individuals at all levels to achieve effective goal-seeking behavior.

In terms of the role of HR staff, this study highlights the importance of having competent and trained or experienced staff, who can successfully implement HR strategies. To be able to do this, HR professionals need the ability to influence people across the organization and at all levels. This means the HR staff and especially HR manager need to have credibility and professionalism. The respondents identified that HR managers also need to have both autonomy and commitment, so they can persevere when they come up against obstacles within the organization, particularly when dealing

with other areas that have competing priorities between production, customers and promoting employee engagement.

An interesting finding from this research was that the respondents believed that top management support was the most critical factor influencing HR's ability to implement HR strategy in Indonesian organizations. This is not surprising, considering Hofstede's (1980) well accepted findings about cultural differences (also see Hofstede, 1991, 1993, 2001a, 2001b; Hofstede & Hofstede, 2005). Indonesian people are categorized as having a high power distance and this means support from the top makes it easy to gain other support from the rest of the organizational members. Similarly, Trompenaars and Hampden-Turner (1998) also classified the Indonesian organizational culture as highly directive and having paternalistic managers. These managers are used to operating in a culture where status is ascribed. Given the cultural context of Indonesia, these attributes may well act as blocks to implement HR strategy effectively, unless senior management support is unambiguously given.

### 5.5. Characteristics of Each Industry

Thirteen (13) agricultural companies participated in this study, and most of these (69%) utilized the best fit approach to managing their people; whereas 31% used the best practice or universalistic approach. Exactly the same percentage of 69% of agricultural companies used the integrative role and 31% used the two-way linkage approach. All four companies that employed the best practice approach to SHRM, used the two-way

linkage for their HR department's role. Whereas all nine companies that employed the best fit approach, employed the integrative role.

Twelve (12) textile companies participated in the study. Most of these (75%) utilized the best fit or contingency approach to the SHRM, and 25% of organizations used the best practice approach. The HR department's role was equally split between the two-way linkage and the integrative linkage, with 50% or six (6) companies adopting each role. Furthermore, all three (3) textile companies that used the best practice approach used a two-way linkage. Nine (9) textile organizations employed best fit, however, three (3) of them used the two-way linkage, and the other six (6) utilized the integrative role.

In comparison, the manufacturing sector respondents had quite similar characteristics to the agriculture and textile industries in that the majority or 72% used the best fit approach. In terms of the role of the HR departments involvement in strategic decision making process, the agricultural industries involvement (69%) was higher than both the textile (50%) and manufacturing sector (60%).

A higher level of utilization of the best fit approach was found among the eighteen (18) hospitals that participated in the study. Most of these, 15 hospitals (83%), utilized the best fit in SHRM approaches, while three (17%) used the best practice approach. The HR departments role in the strategic decision making process saw 13 hospitals (72%) using an integrative linkage and 5 hospitals (28%) utilizing a two-way linkage. Compared to agriculture, textile, and the manufacturing respondents it can be said that the Indonesian hospitals were stronger in the practice of SHRM.



Twenty (20) hotels participated in the study and all utilized a best fit SHRM approach and integrative linkages for the HR departments' role. This means the formulation of HR strategy in Indonesian hotels is always fitted to their business strategy, and the internal and external contexts. Furthermore, all the hotels HR managers were members of the strategic decision making board and were actively involved in formulating, deciding, and implementing HR strategy. Compared to the other sectors (hospital, agriculture, textile companies), it is clear the SHRM has been most strongly adopted by Indonesian hotels. One reason for this is that industry is more strongly influenced by external events and international conditions.

All of the hotel respondents came from four and five stars rated hotels, with rating determined an international committee. Most of them (75%), are owned by domestic investors, however they are mostly operated by hotel chain managements, that are either national or international, which means they operate using modern western management principles. Another interesting feature of this is that their business activities are in eight cities (Jakarta, Yogyakarta, Surakarta, Denpasar, Padang, Medan, Banjarmasin, Makassar), across five islands (Bali, Java, Sumatra, Kalimantan, Sulawesi) with six local cultural backgrounds (Balinese, Javanese, Padang, Batak, Banjar, Makasar) and they are able to incorporate. This makes an excellent portrait of interaction between the international, national and local culture, where there is a merging of west and east, and modern and traditional values that can be managed effectively and produce an excellent outcome by implementing and adopting the SHRM model.

Two similar interesting stories emerged from Padang and Banjarmasin during the field research. People in both cities rely heavily on cultural and religious principles that do not fit the principles found in the hotel industry. The local people identified hotels with alcohol, night life, and prostitution. In consequence, the hotels found it difficult to attract and hire employees. Their choices were to hire people from other cities or even other islands at a higher cost. Slowly but surely, the hotels finally succeeded in convincing the public that hotels were not as bad as they thought. They did this by engaging in local customs through, for example, inviting religious leaders and combining social and religious functions for example Ramadhan celebration held in hotel or wedding celebration. Many of the hotels do not serve alcohol. The recent situation is the hotels in both cities are now well accepted and people do not hesitate to be employees of the hotels.

These findings are in line with Boxall and Purcell's (2008) views, that service organizations generally adopt a more strategic role for HRM when compared to manufacturing companies, arguing that this occurs because "the link between competitive strategy and HRM is stronger". Other scholars identify that service industries have business characteristics that rely heavily on human roles. Service organizations differ from manufacturing in the following three ways; 'products' of service organizations are intangible, while manufacturing products are tangible; customers are actively involved in the production or services, whereas they are not involved with manufacturing; and the consumption of services occur simultaneously with their production, whereas manufactured products are consumed after the production processes is complete (Fisk et al., 1995; Lovelock, 1995; Norman, 2000). Moreover,

Combs et al., (2006) emphasize that employees in manufacturing organizations do not deal directly with customers; they work with machines to produce the products and accordingly, take into consideration how to increase their interaction capability with the machine, not with customers (Combs et al., 2006). In general, service organizations develop their HRM systems based on the following fundamental principles: employee and client input into performance appraisal, the results of which are used to assess training needs. They provide extensive training of new employees, and emphasize performance and the performance appraisal result to determine compensation (Jackson & Schuler, 1992).

## 5.6. Limitations, Conclusions and Recommendations

### 5.6.1. Limitations

Although this study provides a substantial contribution understanding SHRM theory and practice in Indonesia, the findings and discussions inevitably have limitations:

Firstly, although data was collected from sixty three HR managers from eight cities across five islands with six different cultural backgrounds, the study only involves relatively large, stable, and high reputation companies. This may mean the SHRM may not be as widely accepted among other organizations, and particularly smaller organizations.

This study only involves two industries from both the manufacturing and service sector, so the findings may not be representative of other industries within these sectors. There is also the possibility that this has limited themes which emerged from the research. A larger coverage of industries may allow a richer picture to arise and provide an even more comprehensive picture of SHRM practices within Indonesia. Third, although this study includes six different ethnic cultural background within Indonesia, it would be more comprehensive extended to include a broader range of cultural backgrounds. While this study found that culture has a significant influence on the formulation of HR strategy, including a wider range of cultural backgrounds would enhance the richness of findings on the SHRM practice within Indonesian context.

Finally, because of the lack of previous evidence about the adoption of SHRM in Indonesia, this study employs a qualitative grounded theory approach. The finding that SHRM is practiced in Indonesia as it is in other parts of the world, albeit with modification to accommodate local and national culture, will allow further study of the interaction among the variables in the construct, that were not able to be presented. Further study to test the construct using quantitative methodology and larger sample would be very valuable contribution to test the findings of this study, and extend understanding of relationship among the SHRM constructs as practiced in Indonesia.

## **5.6.2. Conclusions and Recommendations**

### **5.6.2.1. The Approaches to SHRM**

The findings of this study suggest that Indonesian organizations use both best fit or contingency, and best practice or universalistic approaches to SHRM. It should be

mentioned that in practice, best fit and best practice are not mutually exclusive and can be implemented simultaneously in differing components of HRM. The best fit is predominant (84%), when compared to the best practice approach (16%). This means most Indonesian organizations, have a high awareness of the need to fit their HR strategy to the business strategy and internal or external factors. Internal determinants are organization's size, structure, and stage in the organizational life cycle, and the access to capital or quality of business funding as influential. External factors they take into consideration are market competition, technology, global changes, government rules, economic conditions, culture, and the union presence. This study also identifies that local culture is more appropriate when implementing HR strategies rather than national culture. Although local culture is not widely recognized in the literature, it is likely to be a factor that needs to be considered in other countries, who like Indonesia, have different cultures, defined by differences in race, ethnicity, and religion. As a result, this study proposes a model of SHRM for the Indonesian context, as can be seen in figure 5.1.

Figure 5.1: A Model of SHRM within the Indonesian Context



Based on these findings, this study recommends the following considerations when operating a business organization within Indonesia. Firstly, for organizations that want to be successful in managing Indonesian people it is necessary for the HR strategy to address the interplay between professional business principles and the complex attributes of the people and their social-cultural backgrounds. Secondly, as a consequence of becoming more democratic, the Indonesian government is more protective of employee rights and have given power to local government to ensure open

and fair interactions. In addition, unions have a role to play as strategic partners. Accordingly, it is crucial that organizations be flexible, adaptive and adjust to the local environment if they are to survive. There are many local cultures that exist in Indonesia and these have special role in shaping the society, these also need to be taken into careful consideration for managing HRM. Even a global company needs to also be a local entity!

#### **5.6.2.2. The role of HRM in the Organization**

The role of HR managers in Indonesian organizations can be categorized as using either an integrative SHRM model, or a two-way linkage role. The integrative linkage is predominant (76%), as compared to the two-way linkage at 24%. This means most HR departments in Indonesian organizations are represented at the strategic decision making level and HRM is involved throughout the strategic process of formulating, deciding, and implementing strategy. A small number of companies also use informal decision processes, so that strategic board meetings formalize agreements achieved informally. This is an emergent phenomenon not seen in the HRM literature, but most likely would be evidence in practice.

Based on these findings the following recommendations for operating a business in Indonesia are made. Recognize and value the contribution HRM can make to strategy design and its implementation. Secondly, engage HRM practitioners at the most senior level and involved them in strategic decision-making to ensure effective policy formulation, decision-making and implementation of HR practices and processes. Finally, pay attention to the interplay between formal and informal HR processes, as

these may generate credible operational HR strategies that can be successfully implemented.

#### **5.6.2.3. The Determinants of HR Strategy Implementation**

This study found that the determinants of HR strategy implementation within the Indonesian context are similar to those found within western or international organizations. Three central issues identified as most important for effective HR strategy implementation are the credibility of the strategy, having senior management and organizational support, and the role and skills of the HR professional and these have the following implications for operating a business within Indonesia.

Firstly, successful HR strategy implementation needs to accommodate all the necessary elements that support the credibility of a HR strategy at all levels of the organization, and this needs to include employees. Secondly, organizations need to pay particular attention to attracting HR managers who have a high level of HR skills, knowledge and experience or training: they must have the ability to work with and relate to other senior managers, if they are to play a significant role in facilitating business strategy through the HR strategy. Finally, while empowering employees is popular in the west and can be appropriate in some settings in Indonesia, it also needs to be recognized that having autocratic leadership within an organization can be very effective when it is matched with the cultural context and effectively wielded for the good of the organization and its citizens. On the other hand, top management that is too directive, or has poor vertical



and horizontal communication or who are not in alignment with the organizational culture will block implementation, no matter how good the strategy is.

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Appendix 1.a  
INTRODUCTION LETTER TO POTENTIAL RESPONDENTS

Murdoch Business School



**MURDOCH  
UNIVERSITY**  
PERTH, WESTERN AUSTRALIA

South Street, Murdoch  
Western Australia 6150  
Telephone: (61-8) 9360 2705  
Facsimile: (61-8) 9310 5004  
University PABX: (61-8) 9360 6000  
<http://www.murdoch.edu.au/>  
CRICOS Provider Code: 00125J  
A.B.N. 61 616 369 313

Dengan hormat,

Kami adalah mahasiswa program doktor (PhD) dari Murdoch Business School, Murdoch University, Perth, Western Australia yang sedang menulis disertasi dengan judul *"The Indonesian Strategic Human Resource Management: An Exploratory Study"* dibawah bimbingan Prof. Lanny Entrekin dan DR. Brenda Scott-Ladd. Tujuan utama dari studi ini untuk menemukan 'model' strategic human resource management khas Indonesia.

Sehubungan dengan hal tersebut, kami mohon bantuan Bapak/Ibu untuk berkenan meluangkan waktu guna membantu studi kami dengan cara berdiskusi (interview) tentang topik yang kami teliti. Kami menyadari kesibukan Bapak/Ibu, oleh karena itu interview tersebut akan kami lakukan sesingkat dan sesederhana mungkin. Semua informasi yang Bapak/Ibu berikan sepenuhnya kami jaga kerahasiaannya, dan semata-mata kami gunakan hanya untuk kepentingan akademik. Apabila Bapak/Ibu menghendaki, setelah selesainya studi ini kami bisa menyediakan *executive summary* sebagai wujud komitmen kami terhadap pengembangan ilmu manajemen SDM di Indonesia.

Guna memberikan tambahan informasi tentang studi ini, bersama ini kami lampirkan pula:

1. Surat pengantar penelitian dari rektor Universitas Islam Indonesia (UII)
2. Surat persetujuan dan pengesahan dari Research Ethics Office, Murdoch University
3. Proposal (ringkas) penelitian

Apabila Bapak/Ibu memerlukan informasi lebih lanjut tentang studi ini, kami persilakan menghubungi:

1. Peneliti: Arif Hartono, Telp. 0274-886047 & 880810, 081328863250; fax. 0274-882589  
email: [ahartono@central.murdoch.edu.au](mailto:ahartono@central.murdoch.edu.au) atau [arif-htn@fe.uui.ac.id](mailto:arif-htn@fe.uui.ac.id)
2. Dosen Pembimbing I: Prof. Lanny Entrekin, Telp. 61-8-9360 2528;  
email: [l.entrekin@murdoch.edu.au](mailto:l.entrekin@murdoch.edu.au)
3. Dosen Pembimbing II: DR. Brenda Scott-Ladd, Telp. 61-98-9360 6028  
email: [b.scott-ladd@murdoch.edu.au](mailto:b.scott-ladd@murdoch.edu.au)

Atas kesediaan Bapak/Ibu untuk berkenan berpartisipasi dalam studi ini kami mengucapkan banyak terimakasih dan semoga studi ini berguna bagi pengembangan ilmu Manajemen SDM di Indonesia.

Yogyakarta, 25 Mei 2004  
Hormat Kami,

  
Drs. Arif Hartono, MHRM

[www.choose.murdoch.edu.au](http://www.choose.murdoch.edu.au)



Appendix 1.b  
COVERING LETTER FROM THE RECTOR OF UNIVERSITAS ISLAM INDONESIA



UNIVERSITAS ISLAM INDONESIA  
YOGYAKARTA

Jl. Cik Di Tiro No. 1, Kotak Pos 1056, Telp. 0274-513091 - Hunting: 515082; Fax. 0274-563207  
Http://www.uui.ac.id; E-mail: rektorat@uui.ac.id. YOGYAKARTA 55223

17

Nomor: 470/Rek/10/KBPSDM/III/2004  
Lamp. : -  
Hal : *Permohonan bantuan Penelitian*

Kepada:  
Yth. Bapak/ Ibu  
Direktur Sumber Daya Manusia (SDM)  
di Indonesia

*Assalamu'alaikum w.w.*

Dengan ini diberitahukan bahwa salah seorang Dosen Tetap Program Studi Manajemen, Fakultas Ekonomi, Universitas Islam Indonesia yaitu Sdr. Drs. Arif Hartono, MHR, Nomor Induk: 93.280.E, saat ini sedang studi lanjut S-3 pada Murdoch University Perth-Western Australia, atas biaya sepenuhnya dari Universitas Islam Indonesia.

Guna memenuhi persyaratan untuk meraih gelar Philosophi Doctor (Ph.D) pada Murdoch University Perth-Western Australia, saat ini yang bersangkutan sedang melakukan penelitian untuk penulisan disertasi dengan judul "The Indonesian Strategic Human Resource Management: An Exploratory Study".

Sehubungan dengan hal tersebut, kami memohon kesediaan Bapak/Ibu untuk berkenan membantu kelancaran pelaksanaan penelitian tersebut. Penelitian tersebut semata-mata untuk kepentingan akademik guna pengembangan ilmu manajemen sumber daya manusia di Indonesia.

Atas perhatian dan bantuan Bapak/Ibu diucapkan banyak terimakasih.

*Wassalamu'alaikum w.w.*



Yogyakarta, 17 Maret 2004  
Rektor,

*Dr. Ir. Luthfi Hasan, MS*

Appendix 1.c  
ETHICAL APPROVAL FROM MURDOCH UNIVERSITY

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Division of Research and Development  
Research Ethics Office



**MURDOCH  
UNIVERSITY**  
PERTH, WESTERN AUSTRALIA

South Street, Murdoch  
Western Australia 6150  
Telephone: (61-8) 9360 6677/7366  
Facsimile: (61-8) 9360 6686  
[ethics@central.murdoch.edu.au](mailto:ethics@central.murdoch.edu.au)  
[www.research.murdoch.edu.au/ethics/](http://www.research.murdoch.edu.au/ethics/)  
CRICOS Provider Code: 00125J  
A.B.N. 61 616 369 313

Direct Line: 9360 6677  
Fax: 9360 6686  
Email: [ethics@central.murdoch.edu.au](mailto:ethics@central.murdoch.edu.au)

13 February 2004

Dr. Lanny Entrekin  
Murdoch Business School

Dear Lanny,

Thank you for addressing the conditions placed on the application to the Murdoch University Human Research Ethics Committee (HREC), "2004/115 The Indonesian Strategic Human Resource Management: An Exploratory Study". This Application now has outright approval.

The Murdoch University HREC is conducted under the auspices of the NHMRC's *National Statement on the Ethical Conduct of Research Involving Humans*. If you have any questions please do not hesitate to contact this office at any time.

Wishing you all the best for a successful study.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'Sue Dyson'.

Dr. Sue Dyson  
Manager, Research Ethics Office

cc  
Arif Hartono  
Perum Candi Gebang Permai Blok 1 No 15  
Yogyakarta - Indonesia 55283

## Appendix 2

### TRANSLATION OF FINDING THEMES

#### 1. The Approaches to SHRM

##### 1.1. The Best Practice (Universalistic) Approach

###### *1. Organizational Process:*

Jumlah karyawan kami tidaklah sangat banyak, dengan cara yang sekarang kami merasa tidak ada amasalah (Ag4: 4)

*The numbers of our employees are not great; we have no problems with the current system [\*HRM] (Ag4: 4)*

Kami bukanlah perusahaan besar (Tx6: 6)

*We are not a big company (Tx6: 6)*

Ini sederhana... kami hanyalah perusahaan tekstil kecil (Tx8: 4)

*It's simple... we are only a small textile company (Tx8: 4)*

Kkami hanyalah rumah sakit kecil (Hs4: 5)

*We are only a small hospital (Hs4: 5)*

Kami hanya mempunyai jumlah karyawan yang sedikit... sehingga kami mempertahankan cara kami sekarang (Hs16: 4)

*We only have a small number of employees... so we keep going with our current way [\*HRM] (Hs16: 4)*

Buat apa susah-susah, toh prosesnya gitu-gitu juga (Ag1: 2)

*...the process is no big deal (Ag1: 2)*

Prosesnya sederhana kok... dan tidak pernah berubah (Ag2: 4)

*The process is simple and it has never changed (Ag2: 4)*

Proses produksinya mudah... (Tx2: 4)

*The production process is easy... (Tx2: 4)*

Perusahaan kami proses produksinya simpel sehingga tidak perlu model pengelolaan manusia yang terlalu canggih (Ag4: 6)

*The production process in our company is simple so we don't need to conduct a complicated model in managing people (Ag4: 6)*

Tidak... process tidak komplek (Tx6: 3)

*No...The process is not complex (Tx6: 3)*

Ini hanyalah process yang rutin dan sederhana (Tx8: 7)

*It's only a routine and simple process (Tx8: 7)*

Jumlah orang yang sedikit berarti mudah untuk mengontrol mereka (Tx8: 7)

*A small number of employees means that it's easy to control them (Tx8: 7)*

Orangnya sedikit, ngontrolnya juga gampang; jadi kita pertahankan cara yang ada sekarang (Hs16: 4)

*Their numbers are small, controlling them is easy so we will maintain the currently available system (Hs16: 4)*

Proses sederhana dan tidak memerlukan tenaga yang berlebihan untuk mengontrolnya (Ag1: 2)

*The process is simple and it doesn't need much effort to control it (Ag1: 2)*

Proses produksi terpusat dalam ruangan yang besar, mudah untuk mengontrolnya (Tx2: 4)

*The production process is centered in a big room, it's easy to control it (Tx2: 4)*

Sedikit karyawan, proses sederhana...tentu saja mudah untuk memonitor mereka (Ag4: 4)

*Not many employees, so a simple process...of course it is easy to monitor them (Ag4: 4)*

Kami sepenuhnya bergantung kepada keputusan pemilik (Hs5: 5)

*We completely depend on the owner decisions (Hs5: 5);*

Pemilik memainkan peran yang dominan dalam pengambilan keputusan (Ag1: 3)

*The owner plays a dominant role in taking decisions (Ag1: 3)*

Keputusan terpusat pada pemilik (Ag4: 5)

*decisions are centralized in the owner (Ag4: 5)*

Pemilik memainkan peran yang vital (Tx8: 7)

*The owner plays a vital role (Tx8: 7);*

Setiap keputusan diperusahaan kami tergantung pada pemilik dan dia menganggap model yang sekarang sudah pas tidak perlu dirubah-rubah (Tx2: 5)

*Every decision in our company is based on the owner; and he thinks the current model [\*HR management model] is perfect, that it doesn't need to be changed (Tx2: 5)*



## **2. Market Condition:**

Kami berhasil menguasai pasar, itu artinya kami berhasil manage tenaga kami. Untuk apa dirubah? Kan sudah terbukti... (Ag4: 4)

*We have been dominating the market; that means we have succeeded in managing our human resources. What should we change it for? It has been proven (Ag4: 4)*

Kita punya market sudah captive, kita jaga itu dengan proses yang sekarang. Kita sudah ada di jalur yang benar (Ag7: 4)

*we have a captive market; we maintain it with the current process [\*HRM]. We are on the right track (Ag7: 4)*

Pasar kami sudah stabil, tugas utama kami menjaga kestabilan proses termasuk SDM tentunya (Tx8: 8)

*Our market is already stable; our main task is to maintain the stability of the process, including HR management (Tx8: 8)*

Konsumen sudah tahu bagaimana cara kami melayani, dan mereka terus datang ke kita (Hs4: 5)

*Consumers are aware of how we serve them, and they keep coming to us (Hs4: 5)"*

## **3. Organization Life Cycle:**

Perjalanan organisasi kita sudah panjang dan sekarang sudah mapan, inilah model yang kami rasa terbaik dan akan kita pertahankan (Hs4: 5)

*Our organization has had a long journey and now we are in an established position; we think this is the best model [\*HRM] that should be maintained (Hs4: 5)*

Sistem sekarang merupakan hasil perjalanan organisasi yang cukup lama; sekarang sudah kita anggap yang terbaik (Hs5: 5)

*The current system[\*HRM] is the result of a long journey of the organization, we assumed this is the best (Hs5: 5 )*

Semua fungsi organisasi sudah berjalan dengan baik, kita menjaganya saja (Ag2: 5)

*All of the organizational functions have already worked well; we just need to maintain them (Ag2: 5)*

Profitabilitas kita sudah mantap, berarti tidak ada yang salah dong... (Ag7: 4)

*Our profitability is stable, it means that nothing is wrong... (Ag7: 4)*

Produktifitas tinggi, ketidakhadiran rendah, semua berjalan dengan baik (Tx2: 5)

*High productivity, high loyalty, low absenteeism; everything works well; nothing is wrong with our system [\*HRM] (Tx2: 5)*

## 1.2. The Best Fit (Contingency) Approach

### 1.2.1. Business Strategy

Kita kan profit motif, jelas strategi bisnis menjadi acuan utamanya (Hs17: 2)

*We are profit motivated; of course business strategy becomes the main reference (Hs17: 2)*

Suka atau tidak, kita tdk boleh menjadi penghambat bila ada rencana pengembangan bisnis; itu sama sekali nggak boleh dilakukan (Ag11: 3)

*Like it or not, we [\*HRM] must not be a barrier when there is a plan for business improvement. That must nothappen (Ag11: 3)*

Kita punya pemahaman jenderal kita itu kan bisnis. HRD atau SDM itu bukan tujuan tapi tool utk mencapai sasaran organisasi jadi kita supporting sifatnya (Ag11: 3)

*We have an understanding that our General or Commander is business. HR management is not the goal but is a tool to achieve the organizational objectives; so we are as a supporting system (Ag11: 3)*

Pendekatan strategi SDM yang kita pakai tergantung dari strategi bisnis yg kita tetapkan (Ag3: 3)

*Our HR strategy approach depends on the business strategy that we have chosen (Ag3: 3)*

Tujuan organisasi menjadi pedoman utama dalam penyusunan strategi SDM (Tx11: 4)

*The organization's goal becomes a main determinant in developing HR strategy (Tx11: 4)*

Selalu menyesuaikan, strategy bisnis dan SDM harus selalu seiring sejalan (Tx1:8)

*Always adjusting the business strategy... and HR management must always be on the same track (Tx1: 8)*

Kalau srategi berubah, kita harus berubah; harus... (Hs15: 10)

*If there is a change in strategy, we [\*HRM] must also changed (Hs15: 10)*

Kalau dlm bidang saya [SDM\*] hrs cepat menyesuaikan perubahan strategi organisasi. Kalau tdk; kita akan ketinggalan dengan cepatnya perubahan diluar maupun organisasi (Hs9: 10)

*In our field [\*HRM], we [\*HR department] have to adjust to the organizational strategy and change quickly. If not, we will be left behind by the rapid external and organizational change (Hs9: 10)*

Apapun perubahan yang terjadi di manajemen, HR department hrs mengikuti; nggak ada pola umum yg berlaku terus menerus (Ht10: 15)

*whatever change happens in management, the HR department must follow it; there is no constant general pattern (Ht10: 15)*

Jadi betul tdk ada satu rumus yg mati, saya yakin betul dinamis itu terjadi di HR terutama (Ht11: 25)

*That's right, there is no constant formula, I do believe in a dynamic role, especially in HR (Ht11: 25)*

Modifikasi dlm artian radikal tdk, tapi adjustment terjadi (Hs8: 12)

*Not radical modification, but adjustments (Hs8: 12)*

Perubahan nggak total (Tx3: 6)

*Not total changes (Tx3: 6)*

Penyesuaian dilakukan dengan mengedepankan skala prioritas (Ag5: 9)

*Adjustments were done by priority (Ag5: 9)*

Strategi-strategi yang diambil harus sesuai dengan kondisi yg ada disini (Tx3: 8)

*Strategy should be determined based on conditions (Tx3: 8)*

Konten mana yg dirubah fleksibel sifatnya (Ht12: 8)

*Which contents should be adjusted are flexible (Ht12: 18)*

Tapi biasanya kita menyesuaikan dari kemampuan keuangan (Ht6: 7)

*We usually adjust it based on the financial ability (Ht6: 7)*

Ketika strategi bisnis berubah, otomatis kita hrs berubah strategi SDM (Ag12: 18)

*When business strategy changes, automatically we have to change HR management (Ag12: 18)*

Terpengaruh; jelas kebijakan SDM akan secara otomatis mengadaptasi perubahan strategi perusahaan. Boleh dikatakan sbg mata rante (Tx5: 10)

*Influenced; of course HR policies will automatically adapt to the changes of company strategy. It can be seen as a chain link (Tx5: 10)*

Kita melakukan alignment bisnis dgn human resource memakai balance scorecard (Ag9: 3)

*We align business strategy and HR using a balanced score card (Ag9: 3)*

Alignment strategi bisnis dan strategi SDM merupakan proses yg tdk akan pernah berhenti (Ag11: 11)

*Alignment between business strategy and HR strategy is a never ending process (Ag11:11)*

Krn sering ketemu, otomatis aligningnya jalan (Ag9: 15)

*Because we regularly meet, alignment was happening automatically (Ag9: 15)*

Krn kita mempunyai meeting secara kontinyu sehingga scr tdk terasa sesuatu telah berubah; tapi kenyataanya kita telah melakukan sesuatu yg baru kedalam strategi SDM kita (Ag11: 11)

*Because we have meeting continuously, we did not feel something had changed; but in fact, we adjusted something new to our HR strategy (Ag11: 11)*

Biasanya mungkin tdk disadari kita sdh melakukan penyesuaian strategi SDM; jadi mungkin natural saja (Ag11: 10)//

*We often don't recognize that we have adjusted our HR strategy, so it happens naturally (Ag11: 10)*

Kita kemarin melakukan perubahan positioning pasar, maka kita pun mengimbangi kesiapan karyawan untuk melayani segmen itu dengan sebaik2nya (Ht14: 7)

*Our company just changed the market positioning; so we also responded by preparing our staff to be able to serve that new segment at their best (Ht14:7)*

Bila terjadi pergeseran strategi bisnis, SDM ada pergeseran juga. Dulu kita bisa mengedepankan alat, tapi sekarang semua rumah sakit juga punya, maka kemudian justeru keprofesionalan staff sebagai kompetitif strategi (Hs2: 13)

*When a shift in business strategy happens, we always follow it. In the past, our hospital placed technology as a competitive advantage, but at the moment almost all hospitals have a similar strategy. Then we turned to staff professionalism as a competitive strategy (Hs2: 13)*

## **1.2.2. Internal (Organisational) Context**

### **1. Organization's Size**

Kami merasa masih kecil, strategi SDM pun kita bikin sesederhana mungkin tapi tetap mampu menunjang secara maksimal pencapaian tujuan bisnis kita (Ag10: 10)

*We feel we are still small, so we designed a HR strategy as simple as possible, but able to support the maximum achievement of our organizational goals (Ag10: 10)*

Kami harus hati-hati dalam merumuskan strategy SDM karena ada ribuan orang yg harus kita manage; ini nggak mudah (Ag9: 7)

*We must be careful in formulating a HR strategy because there are thousands of people who we have to manage; it is not easy (Ag9: 7)*

Karyawan kami banyak strategi pengelolaanya pun tidaklah mudah (Ht14: 7)

*We have many employees, therefore the strategy to manage them is not easy (Ht14: 7)*

Dengan karyawan sekitar 10.000 bapak bisa bayangin, betapa susahnyanya memahami mereka maksud dari strategi perusahaan kita (Tx4: 9)

*With approximately 10,000 employees you could imagine how difficult it is to make them understand about the intentions of our corporate strategy (Tx4: 9)*

Tidak mudahlah lho pak mengkomunikasikan apa maunya kita dengan mereka yang sangat beragam latar belakang kalau tidak hati-hati dalam merumuskannya, kita akan kelabakan dalam pengendalian saat implementasi karena ribuan pekerja akan terlibat (Tx10: 6)

*It is not easy to communicate what we want with employees who have very diverse backgrounds; if we are not careful in formulating the HR strategy, we'll be at a loss of control during implementation because thousands of employees will be involved (Tx10:6)*

Kita beruntung karena rumah sakit kita padat teknologi, jumlah orangnya bisa kita minimalkan sehingga lebih mudah dalam memahami maunya dan mengontrol mereka (Hs9: 8)

*We are lucky because we are a technological-intensive hospital, we can minimize the number of people so it is easier to understand their wants and to control them (Hs9: 8)*

## **2. Organizational Structure**

Kita menggunakan struktur organisasi yang simple yaitu garis, konsekuensinya strategi SDM kita sesuaikan agar a tidak menimbulkan masalah dalam komunikasi, koordinasi, pengawasan, dan umpan-balik (Ag8: 2)

*We have a simple organizational structure; it is a line structure. As a consequence, we adjust our HR strategy so it will not create problems of communication, coordination, controlling, and feedback (Ag8: 2)*

Betul pak.... dengan sistem matrix strategi SDM harus mampu mengakomodir fleksibilitas bagian-bagian dalam implementasi strategi (Hs7: 3)

*That's true.... by using a matrix structure, our HR strategy should be able to accommodate flexibility of all departments in strategy implementation (Hs7: 3)*

Kita kan divisional, strategy SDM pun kita sesuaikan agar bisa menaungi semuanya (Tx10: 3)

*We have a divisional structure. Accordingly, we should design HR strategy which able to cover all of the divisions (Tx10: 3)*

## **3. Stage in the Organizational Life Cycle**

Organisasi perlu bergerak lebih cepat, kami mempunyai tugas utama untuk memastikan bahwa SDM mampu untuk mendukungnya (Ag8: 6)

*The organization needs to move faster, we [\*HR manager] have the main job to ensure that people are able to support that (Ag8: 6)*

Kita sedang dalam tahap ekspansi, kami membutuhkan produktivitas yang lebih (Ag12: 7)

*We are in the expansion stage, we need more productivity (Ag12: 7)*

Bos saya mengatakan: jangan ganggu pertumbuhan ini dengan persoalan2 karyawanmu  
*My boss told me: don't obstruct this growth with your people's problems (Tx3: 5)*

Jika diperlukan, kami memberikan pekerjaan-pekerjaan yang bukan core bisnis ke pihak ketiga (Hs9: 8)

*If needed, we put some non-core jobs to the third party (Hs9: 8)*

Kami tidak ragu-ragu untuk belajar ke hotel lain dalam grup kami untuk mendorong produktivitas

*We do not hesitate to learn with other hotels within the group to push the productivity (Ht7: 7)*

Kami sedang dalam fase ekspansi untuk meningkatkan pendapatan. SDM harus mempunyai kecepatan yang memadai (Ag16: 5)

*We are in the expansion stage to boost revenue. HR should have sufficient speed (Ht16: 5).*

Kami harus menjaga produktivitas untuk memastikan bahwa kami mampu menjaga tahapan ini (Ag6: 6)

*We have to maintain our productivity to ensure that we are able to maintain this stage (Ag6: 6)*

Karena perusahaan membutuhkan kestabilan suplai untuk mempertahankan pasar, jawaban dari departemen SDM tiada lain kecuali menjaga produktivitas dan loyalitas pekerja (Tx4: 6)

*Because a company needs a stable supply to maintain the market, the only answer from the HR department is to maintain productivity and loyalty of employees (Tx4: 6)*

Prioritas saya adalah untuk menyiapkan dan mengelola karyawan, baik dalam hal kuantitas maupun kualitas

*My priority is to prepare and manage employees in terms of quantity and quality (Hs6: 6)*

Kami sedang dalam situasi sulit. Kami harus mendorong inovasi dan kreativitas karyawan untuk beranjak dari tahap penurunan ini (Ag3: 5)

*We are in a difficult situation. We have to encourage innovation and creativity in our people to move beyond this decline (Ag3: 5)*

#### **4. Access to Capital**

Uang memainkan peran yang significant dalam mengelola SDM (Tx7: 5)

*Money plays a significant role in HRM (Tx7: 5)*

Bagaimana mendorong produktivitas kalau tidak ada insentif (Ag13: 9)

*How are we supposed to encourage productivity, if there is no incentive (Ag 13: 9)*

Strategi kompensasi tidak akan ada artinya kalau kita tidak mempunyai daya dukung keuangan yang memadai (Hs3: 7)

*A compensation strategy will be of no meaning if we have not sufficient financial support ( Hs3: 7)*

Pemahaman bahwa uang yang kita keluarkan akan mempunyai kontribusi pada performa organisasi itu penting untuk dipahami oleh seluruh anggota organisasi; tetapi kita harus mampu memberikan bukti untuk itu (Ht12: 6)

*Understanding that the money spent by us [\*HR department] will contribute to the organization's performance is important to be understood by the entire organization's members; however we have to provide proof for that (Ht12: 6)*

### **1.2.3. External Context**

#### **1. Market competition**

Ekspansi market kita malaysia, china, india, makanya kita harus kemampuan internal kita (Ag9: 15)

*Our market expansion will be Malaysia, China, and India so we have to look at our internal capability (Ag9: 15)*

Market itu selalu berubah kita juga hrs berubah (Ag11: 2)

*The market is always changing, we have to change too (Ag11: 12)*

Kita masih kompetitif enggak dgn menggunakan strategi yg ada sekarang; ini harus dijawab oleh organisasi (Ag11: 12)

*Whether we are still competitive or not by using the existing strategy, it should be answered by the organization (Ag11: 12)*

Iya...krn kondisi2 diluar (terutama pasar) mamaksa kita utk berubah (Tx8: 4)

*Yes... because external conditions, especially the market competition forces us to change (Tx1: 4)*

Pasar tekstil sangat rawan, persaingannya sangat tinggi (Tx3: 9)

*The textile market is very vulnerable, and has very competitive rivalry (Tx3: 9)*

Persaingan produk itu sangat mempengaruhi; apalagi skrg ada produk China mulai masuk dgn kualiatas yg tdk kalah sementara harganya lebih murah (Tx5: 10)

*Product competition has a big influence; especially now that there is a Chinese product with quality at the same level, while the price is cheaper (Tx5: 10)*

Persaingan industri tekstil sangat ketat, terutama dgn masuknya produk tekstil dari China (Tx7: 5)

*Competition in the textile industry is very tight, especially with the entrance of textile products from China (Tx7: 7)*

Kita tidak kaku; kita lihat perkembangan pasar (Tx11: 1)  
*We are not rigid, we see the market dynamics (Tx11: 1)*

Customer rumah sakit tidak mudah diterjemahkan (Hs1: 17)  
*Hospital customers are not easy to be understood (Hs1: 17)*

Ancaman perilaku berobat ke LN (terutama ke malaysia dan singapura) juga menjadi ancaman, bahkan bukan itu saja RS LN sdh mulai masuk juga ke DN bahkan tariff yang kompetitif (Hs2: 13)  
*The changing behavior for medical treatment abroad (especially Malaysia and Singapore) poses a threat to the hospital. Moreover, some foreign hospitals have opened in Indonesia with a competitive price (Hs2: 13)*

Penerbangan langsung ke kuala lumpur dan singapore membuat orang lebih mudah untuk berobat ke LN (Hs3: 20)  
*Direct flight to Kuala Lumpur and Singapore make it easy for people to get medical treatment abroad (Hs3: 20)*

Mereka sering membandingkan dengan RS LN tapi mrk maunya membayar dengan lebih murah (Hs8 3)  
*Customers often compare us with foreign hospital services, while they want to pay less (Hs8: 3)*

Prsaingan RS sdh mulai terbuka (Hs13: 1)  
*There is open competition in the hospital services (Hs13:1)*  
Disekitar sini banyak RS itu adalah tantangan bagi kita (Hs11: 2)  
*There are many hospitals around us; that's a challenge (Hs11: 2)*

Kita juga hrs melihat RS lain spt apa, seperti apa layanan mereka (Hs12: 1)  
*we also have to see other hospitals, what kind of services they have (Hs12: 1)*

Kita selalu melirik terhadap layanan hotel lain (Ht1: 8)  
*We always open our eyes to other hotel services (Ht1: 8)*

Yg paling berpengaruh persaingan. Persaingan hotel bintang 5 di Jakarta sangat ketat (Ht6: 2)  
*The most influential factor is competition. Market competition among five stars hotels in Jakarta is very competitive (Ht6: 2)*

Memang saat ini bbrp hotel mulai banyak bermunculan shg kita benar2 bersaing dgn sehat (Ht9: 2)  
*There are many new hotels established surrounding us, so we have to compete fairly (Ht9: 2)*

Hari ini kompetitor invention X, besok invention apa lagi? (Ht12: 3)  
*today, our competitor invents 'x'; tomorrow what will be invented? (Ht12: 3)*



Kompetisi hotel di jogja sangat ketat (Ht13: 7)  
*the hotel market in Jogja is very competitive (Ht 13: 7)*

Persaingan tentu saja sangat berpengaruh. Market kita lokal, dan disekitar kita juga banyak hotel (Ht15: 5)  
*For sure, competition is the most influential factor. Our market is locals, and there are many hotels surrounding us (Ht15: 5)*

## **2. Technological**

Sebelumnya kami bekerja secara manual, sekarang kita compurized based company. Jumlah orangnya juga sudah kita sesuaikan (Ag6: 2)  
*Previously, we worked manually, now we are a computerized based company. The number of people has been adjusted (Ag6: 2)*

Teknologi berubah secara dramatis; mereka banyak belajar, saving costs, produktivitas... (Ag8: 3)  
*Technolgy is changing dramatically; they [\*employees] learn a lot, saving cost, improving productivity... (Ag8: 3)*

Kami merespon perubahan teknologi secara positif; kami tidak keberatan untuk mengeluarkan banyak uang (Ag12: 20)  
*We positively respond to the changes of technology; we do not mind spending a lot of money (Ag12: 20)*

Perubahan teknologi juga sangat berpengaruh (Tx1: 8)  
*Technological changes are very influential (Tx1: 8)*  
Teknologi bukan persoalan sederhana (Tx3: 9)  
*Technology is not a simple problem (Tx3: 9)*

Teknologi pertekstilan sebaiknya dirubah secara gradual tiap lima tahun jika kita tidak mau dikatakn ketinggalan jaman. Padahal, biayanya sangat mahal dan meminjam bank tidaklah mudah (Tx5: 10)  
*Textile technologies should be changed gradually every five years if we don't want to be categorized as an out of date company. Whereas, the cost is very expensive and bank loans are not easy (Tx5: 10)*

Alat-alat RS sangatlah mahal, padahal teknologi itu berubah secara terus menerus (Hs1: 17)  
*Hospital equipment is very expensive; while their technology changes continuously (Hs1: 17)*

Kita mengkombinasikan antara good people dan high tech (Hs8: 4)  
*We combine between good people and high technology (Hs8: 4)*

Teknologi yang canggih harus didukung keuangan yang cukup (Hs11: 12)  
*Advanced equipment must be backed up by sufficient funding (Hs11: 2)*

Tidak ada perbedaan yang signifikan diantara hotel2 dalam hal teknologi yang mereka gunakan (Ht4: 7)  
*There is no significant differences among hotels in terms of the technology that they use (Ht4: 7)*

Ya kami memang mengupgrade teknologi secara rutin, tapi ini bukanlah yang terpenting dalam bisnis perhotelan (Ht11: 5)  
*Yes, we upgrade our equipments gradually, but it is not the most important thing (Ht11: 5)*

Kami menyediakan fasilitas wireless gratis bagi konsumen, tapi kan hotel-hotel lain juga menyediakan fasilitas yang sama (Ht12: 7)  
*We provide a free wireless broadband for customers, but other hotels have also similar facilities (Ht 12:7)*

Ada suatu standard yang digunakan dalam industri perhotelan, antara lain lift, AC, hiburan, kamar mandi, dan peralatan dapur  
*there is a standard technology for hotel industry, such as lifts, air conditioning, entertainment, bath rooms, and kitchen sets (Ht17: 8 )*

Pemesanan online, pembayaran pakai kartu... saya kira hampir semua hotel juga pelayanan yang sama (Ht19: 10)  
*Online booking, payment with cards... I think almost all of hotels, especially four and five stars, have also these services (Ht19: 10)".*

### **3. Government Rules**

Yang paling berpengaruh dari eksternal itu pemerintah, UMR misalnya (Ag3: 4)  
*The most influential external factors are from the government such as the regional minimum wage regulation (Ag3: 4)*

Minimal kita mesti mengikuti aturan upah minimal tapi kita diatas UMR itu (Ag6: 21)  
*At least, we should follow the minimum wage regulation but we are above it (Ag6: 21)*

peraturan pemerintah berkaitan dgn upah minimum dan perburuhan mutlak harus kita taati (Tx3: 10)  
*Government rules related to manpower and wages must be followed without question (Tx3: 10)*

Aturan/hukum secara langsung berpengaruh krn enggak bisa ditawar (Tx5: 10)  
*Regulations are not negotiable (Tx5: 10)*

Kita mengacu UU no 13; itu yg kita pakai sbg pedoman (Tx11: 6)  
*We refer to act number 13 year 2003; that's the basic guidance (Tx11: 6)*

Aturan pemerintah itu given. Kita harus terima apa adanya (Tx12: 6)  
*regulations are given factors; we have to follow them (Tx12: 6)*

Peraturan ketenagakerjaan kita nggak terlalu berat utk diikuti (Hs1: 17)  
*our man power regulation is not hard to be followed (Hs1: 17)*

Kita harus menguasai ketentuan ketenagakerjaan agar tidak menjadi batu sandungan (Hs9:10)  
*we should understand the man power regulation so it will not obstruct us (Hs9: 10)*

Aturan pokok kami tidak boleh melanggar aturan pemerintah (Ht5: 10)  
*Our fundamental rule is not to violate the law (Ht5: 10)*

UU ketenagakerjaan mutlak tidak bisa dilanggar (Ht14: 7)  
*The man power act absolutely must be followed (Ht14: 7)*

Variabel eksternalnya peraturan pemerintah, terutama UMR (Ht16: 5)  
*The external variable is the government rules, especially the minimum wage regulations (Ht16: 5)*

Kita harus mentaati aturan ekspor-impor (Ag5: 1)  
*We have to obey the export-import regulation (Ag5: 1)*

Sebelum pasar bebas, ekspor harus melalui asosiasi, tapi sekarang kita langsung ke customers (Ag7: 1)  
*Before the free market, exports must be via association, but now we directly export to customers (Ag7: 1)*

Kita harus mentaati kuota ekspor meskipun kita mampu untuk mengekspor lebih dari itu (Tx5: 10)  
*We have to obey the export quota although we are able to export more than that (Tx5: 10)*

Ada aturan pemerintah untuk mengelola limbah secara aman (Ag13: 5)  
*There is a government rule for treating waste safely (Ag13: 5)*

RS merupakan bisnis yang dikontrol ketat oleh pemerintah, kami harus mengikuti semua aturan dengan sangat hati2 (Ag10: 15)  
*Hospitals are highly regulated by the government, we must obey all of the rules very carefully (Hs 10: 15)*

#### 4. Global Changes

Karena APEC datang segala macam, jadi kita memangkas bbrp fungsi yg bukan core bisnis kita itu dialihkan ke persh third party (Ag6: 2)

*because APEC is coming, we have cut some non core business functions... to be transferred to third parties (Ag6: 2)*

APEC, AFTA, sekarang CAFTA, apalagi ya)ng akan datang? (Ag9: 6)

*APEC, AFTA, and now CAFTA [\*China ASEAN Free Trade Area], what's next? (Ag9: 6)*

AFTA tidak mudah bagi kami, sekarang CAFTA... (Tx3: 9)

*AFTA is not easy for us; now comes CAFTA... (Tx3: 9)*

CAFTA sudah diberlakukan, apa yang harus kita lakukan? (Tx5: 10)

*CAFTA has been implemented; what should we do? (Tx5: 10)*

Perubahan2 quality report dan proses produksi yang disyaratkan ISO (Tx13: 6)

*Changes to quality reports and the production process as required by ISO (Tx13: 6)*

Kita hrs sll bisa mengikuti standard international (ISO) (Ag13: 6)

*We follow what are desired by ISO (Tx5: 10)*

Umpanya, ISO mensyaratkan coaching secara periodeik. Nah kalau kita tidak melakukannya sertifikat kita bisa dicabut (Tx7:2)

*As an example; ISO requires the coaching of staff periodically. If we do not do so the certificate may be cancelled (Tx7: 2)*

Bahan baku; kapas 100% impor (AS, Australia, China, India, Pakistan), bhn bantu kimia juga impor, mesin produksi & spare part juga import. Orientasi pemasaran pun ekspor juga, Eropa dan Asia. Dengan demikian perusahaan ini sangat sensitif terhadap dinamika global (Tx4: 1)

*Raw materials, cotton is 100% imported (USA, Australia, China, India, Pakistan); chemical materials are also imported, production machines & spare parts are also imported. The marketing orientation is also to export, to Europe and Asia. Thus, this company is very sensitive to the global dynamics (Tx4: 1)*

TKA sekarang sudah masuk ke pasar tenaga kerja Indonesia. Hal ini mendorong kita untuk meneemukan sistem yang lebih bagus guna merekrut tenaga lokal sehingga kualitas mereka tidak kalah dgn mereka yang dari luar (Ag6: 22)

*Foreign staff are entering the Indonesian manpower market. It should encourage us to find better systems in recruiting local staff so their quality is not worse than foreigners (Ag6: 22)*

Sbg hotel chain internation, ada beberapa ekspatriate yang bekerja disini (Ag6: 5)

*Aas an international chain hotel, there are some expatriates here (Ag6: 5)*

## 5. Economic Condition

Dampaknya positif bagi kita karena kita mampu untuk merubah sistem kerja kita (Ag8: 2)

*The impact was positive for us because we are able to change our work system (Ag8: 2)*

Kita betul-betul mulai profesional pasca krisis; momentum krisis telah menyadarkan kita dalam mengelola SDM secara lebih profesional (Hs12: 1)

*We really started to become professionals after the crisis, the momentum of the crisis made us aware, in terms of managing people professionally (Hs12: 1)*

Tahun 1998-2003 (masa krisis) kita tdk mengadakan karyawan. Kita cukupi saja dari TK musiman, sehingga tidak ada beban tetap untuk membayar mereka (Ag5: 9)

*In 1998-2003 (economics crisis), we didn't recruit employees. We hired seasonal employees so there was no fixed cost for that (Ag5: 9)*

Kalau saat itu [krisis\*] kita lakukan PHK besar2an. Kita belajar dari hal tersebut, dan sekarang kita sedang tumbuh lagi (Tx10: 9)

*during the crisis, mass dismissal was done. We learned from that, and now we are growing again (Tx10: 9)*

Pada saat krisis kita juga melakukan adjustment<sup>2</sup> dan modifikasi sistem SDM kita agar lebih reliabel dalam menghadapi goncangan (Ht17:8)

*During the crisis, we adjusted and modified our HR system to be more reliable in facing the turbulence (Ht17: 8)*

Inflasi juga penting diperhatikan pak... Bagaimana daya beli karyawan dari gaji yang mereka terima. Kalau dari gaji yang mereka terima mereka tidak bisa mencukupi kebutuhan hidup, bagaimana kita berharap mereka bisa produktif (Ag12: 3)

*Inflation is also important and should be taken into consideration...How is the purchasing power from the salary that they have received. If the salary cannot meet the necessities of life, how can we expect them to be productive? (Ag12: 3).*

Saat inflasi tinggi kita kesulitan melakukan penyesuaian kebijakan gaji karyawan (Tx1: 2)

*When inflation was high, we had difficulties to adjust the employees salary policies (Tx1: 2).*

Kenaikan gaji di perusahaan kita sangat dipengaruhi pertumbuhan inflasi (Tx7: 3)

*The increase of the salary level in our company is strongly influenced by inflation growth (Tx7: 3).*

Jangan lupa pak...biaya operasionalisasi strategi SDM, terutama yang berhubungan dengan pihak luar, sangat dipengaruhi laju inflasi. Semakin tinggi inflasi maka semakin besar pula biaya yang kita butuhkan, training misalnya... (Hs15: 6)

*Don't forget... the operational cost of HR strategies, particularly those dealing with external partners, are strongly influenced by the rate of inflation. The higher the rate of inflation, the greater cost we needed, for example trainings cost... (Hs15: 6).*

Kalau inflasi tinggi, kan daya beli konsumen turun, pendapatan perusahaan turun, terus gimana kita mbayar karyawan? Padahal mereka butuh lebih banyak uang untuk bertahan hidup pada situasi sulit tersebut (Ht5: 4)

*If inflation gets high, the purchasing power of consumers will decrease, the corporate revenue will also decrease, so how do we pay the employees' salary? Whereas, they need more money to survive in this difficult situation (Ht5: 4).*

Kalau inflasi stabil, apalagi rendah, memudahkan kita untuk menyusun strategi kompensasi dan insentif yang lebih baik (Ht13: 5).

*If inflation is stable, especially low [\*and stable], it will allow us to be better in formulating compensation and incentive strategies (Ht13: 5).*

Kalau nilai dolar lagi tinggi, kita pusing juga mikirin gaji para expart (Ht8: 3)

*If the Dollar exchange rate is high [\*expensive], it's not easy for us to pay the expatriates salary (Ht8: 3).*

Pengaruh dolar nggak terlalu juga.... kan biasanya sudah kita prediksi setiap tahunnya. Hanya saja kalau melesetnya besar, baru timbul masalah (Ht17: 2).

*The effect of Dollar is not really significant.. we predict it annually. Only when high deviation of prediction happens, the problems will arise (Ht17: 2).*

Agak repot juga pak kalau dolar naik, karena bahan baku kita impor sementara pasar lokal (Tx4: 7)

*When the Dollar goes up, we will have trouble because we import raw materials while our market is local (Tx4: 7).*

Inilah untungnya kalau berbasis lokal. Kita tidak terlalu terpengaruh gejolak naiknya dolar (Ag5: 7)

*This is the benefit of being local based. We are not much influenced by the dollar volatility (Ag5: 7)*

Kalau kita malah diuntungkan kalau dolar lagi tinggi. Kita kan bahan baku lokal, tenaga lokal, padahal pasar kita ekspor (Ag10: 4)

*We actually receive more benefit if the value of Dollar gets higher. We use local raw materials and employees, while our market is export (Ag10:4)*

## 6. Culture

Eksternalnya yang paling banyak berpengaruh adalah lingkungan/budaya. Di Minang nilai2 adat sangat mempengaruhi kehidupan masyarakat termasuk dalam kehidupan di tempat kerja (Ag3: 2)

*Externally, the most influential factor is culture; In Minang [\*Padang, West Sumatra], cultural values greatly affect people's lives including working lives (Ag3: 2)*

Klo jujur ada [pengaruh budaya\*] sih, kita kulturenya kebetulan ada di daerah jawa. Persh lahir di jogja, besar di jogja (Ag6: 2)

*Honestly, there is an influence from local culture; we are in the Javanese culture society. We were born and became a big company in Yogyakarta (Ag6: 2)*

Secara umum memang ada pengaruh dari nilai2 budaya lokal (Ag11: 16)

*Generally, there is an influence from local cultural values (Ag11: 16)*

Kita berada di berada di lingkungan masyarakat berbudaya Jawa; Yogya. Dengan demikian kultur budaya jawa sangat terasa disini (Tx5: 10)

*We are established in the Javanese culture society; Yogyakarta. So, the Javanese culture can be felt easily (Tx5: 10)*

Karena kita berada di lingkungan masyarakat yang menjunjung tinggi nilai budaya, maka tradisi masyarakat Bali menjadi bagian dari kehidupan kerja kita sehari-hari. Kita juga sangat dekat dengan komunitas Hindhu disini (Ht8: 3)

*Because we are established in the society that upholds cultural values, so Balinese traditions become part of our daily work life. We are also very close with the Hindu community (Ht8: 3)*

Secara umum masyarakat Banjar mempunyai image yg negatif thd hotel. Ini semua menjadi tantangan bagi kami untuk membuktikan bahwa hotel bisa menjadi bisnis yg bersih (Ht11: 9)

*Generally, the Banjar people have a negative image about hotels. It becomes our challenge to provide evidence that Hotels could be 'a clean business' (Ht11: 9)*

Kita menonjolkan budaya jawa, meskipun kita tetap mendekati karyawan dengan multi-cultural appraoch (Ht17: 9)

*We highlight Javanese culture, although our approach to employees is a multi-cultural approach (Ht17: 9)*

Orang Minang itu egaliter, sangat demokratik. Mereka tidak takut untuk mengatakan sesutau dan juga tidak alergi untuk dikritik (Ag3: 8)

*Minang people are egalitarian, very democratic. They do not hesitate to speak out and to be criticized (Ag3: 8)*

Karakter org Medan itu unik. Mereka cenderung temperamental dan terus terang/ apa adanya (Ag12: 4)

*The characters of Medan [\*North Sumatra] people are unique. They tend to be temperamental and direct (Ag12: 4)*

Karakter orang jawa itu penuh sopan santun dan nrimo. Mereka loyal dan tidak banyak menuntut (Ag5: 8)

*The characters of Javanese people are humble and submissive. They are loyal and not demanding (Ag5: 8)*

Orang Banjar itu gentle. Yang terpenting jangan singgung perasaannya. Mereka mirip dengan orang jawa (Ag8: 8)

*Banjar [\*Banjarmasin, South Kalimantan] people are gentle. The most important thing is don't offend them. They are similar to Javanese people (Ag8: 8)*

Karakter orang makasar itu temperamental, cepat tersinggung; tapi mereka mempunyai tanggung jawab yg tinggi. Untuk menangani mereka kita harus agak lembut. Karena keras ketemu keras kan patah. Tetapi pada saat tertentu kita harus bersikap keras, sementara pada saat yg lain kita harus bersikap sebagai teman (Ag10: 14)

*The characters of Makasar people are temperamental, quick-tempered; but they have a high responsibility. To handle them, we should behave gently. Because if something hard meets something also hard; they will be broken. However, in certain times we should behave hard, while in other time we should behave as a friend (Ag10: 14)*

Orang bali itu menaruh respek yg tinggi dan taat pada aturan2 tradisi. Mereka cenderung jujur dan ramah orangnya (Ht8: 2)

*Balinese people have great respect and abide by the tradition's rules. They tend to be honest and friendly people (Ht8: 2)*

Orang minang itu lebih seneng jadi pedagang, jika mereka produktif mereka akan menerima lebih banyak. Hal itu kita terjemahkan dengan model insentif dalam sistem kompensasi (Ag3: 8)

*Minang people prefer to be traders; if they are productive they will receive more. We translate that with an incentive model in the compensation system (Ag3: 8)*

Orang jawa itu tidak terlalu banyak meneununtut (Ag5: 8)

*Javanese people are not demanding (Ag5: 8)*

Ada kecenderungannya lebih mudah manage org jawa demikian juga dgn loyalitas, produktivitas dsb. (Ag7: 8)

*It tends to be easier to manage Javanese people, including their loyalty and productivity (Ag3: 8)*

Kelebihan orang jawa itu menerima apa adanya, tidk banyak komplai, mengerti ketika perusahaan dalam situasi yang sulit (Tx1: 7)

*The good thing about Javanese people are that they are submissive, not much complaining, they understand when the company is in a difficult situation (Tx1: 7)*



Orang makasar itu temperamental, tapi kalau kita mendekati mereka dengan cara yang tepat mereka akan berperilaku dan bekerja dgn baik (Hs6: 6)

*Makasar people are temperamental, however, if we approach them in a proper manner they will behave and work nicely (Hs6: 6)*

Orang Makasar itu temperamen, tapi ketika mereka bisa menerima alasannya mereka akan loyal (Hs13: 6)

*Makasar people are temperamental, however, when they can accept the reasons they will be loyal (Hs 13: 6)*

Ketika melayani tamu, karakter orang Makasar nggak nampak. Dia kerjanya profesional (Ht3: 10)

*When serving guests, the characters of the Makasar people [\*temperament] do not appear. They work as a professional (Ht3: 10)*

Secara umum orang Banjar itu ramah dan kebersamaannya tinggi (Ht9: 15)

*Generally, Banjar people are friendly and they have a high teamwork orientation (Ht9: 5)*

Orang minang itu menaruh perhatian yang lebih besar kepada orang-orang yang dari keluarganya ketika bekerja di tempat yang sama (Ag3: 8)

*Minang people have greater attention to people from their family when working in the same organization (Ag3: 8)*

Orang jawa cenderung lambat dan nrimo, mereka tdk mempunyai fighting spirit yang tinggi (Ag5: 8)

*Javanese people tend to be slow and submissive; they have no great fighting spirit (Ag5: 8)*

Disini bukan daerah industri. Budaya mereka agraris (Ag6: 6)

*Here is not an industrial region. Their culture is agrarian (Ag6: 6)*

Kelemahan orang jawa itu adalah lambat, sehingga mereka tidak mudah untuk dimotivasi (Tx1: 7)

*The weakness of Javanese people is that they are slow; so they are not easy to be motivated (Tx1: 7)*

Karena pengaruh budaya agraris, semangat untuk mengembangkan diri tidak tinggi (Tx9: 7)

*Because of the influence of agrarian culture, the spirit for self-development is not high (Tx9: 7)*

Sesungguhnya budaya minang itu tidak cocok dengan value dalam bisnis perhotelan. Prinsip yang paling mendasar dlm industri perhotelan adalah utk melayani padahal orang minang itu maunya dilayani (Ht1: 4)

*Actually, Minang culture does not align with the hotel values. The most basic principle in the hotel industry is 'to serve' while Minang people want to be served (Ht1: 4)*

Tidaklah mudah untuk merekrut orang Medan untuk bekerja di industri perhotelan. Mereka itu cenderung temperamental (Ht2: 5)

*It is not easy to hire Medan people to work in hotel industries. They tend to be temperamental (Ht2: 5)*

Karena watak orangnya temperamental, mereka sering tdk menyadari bhwa kesalahan itu ada pada dirinya, mrk tetap menyalahkan pada orang lain atau bahkan atasannya (Ht4: 4)

*Because they are temperamental, Makasar people often do not realize their faults. They point to the mistake of others or even their superiors (Ht4: 4)*

Orang bali itu mempunyai upacara-upacara tradisional yang tentu saja mempengaruhi jam kerja mereka. Kita harus lebih fleksibel, masing2 orang mempunyai keluwesan untuk manage hari libur mereka sepanjang tdk bertentangan dengan aturan organisasi (Ht8: 2)

*Balinese people have many traditional ceremonies which affect work hours. We should be more flexible, every single individual has the flexibility to manage their holidays, as long as they don't conflict with the organizational rules (Ht8: 2)*

## **7. Union**

Kita punya serikat pekerja (SP) yang cukup kuat, tapi kita mempunyai hubungan yang baik (Ag1: 7)

*Our union has a strong power, but we have a good relationship (Ag1: 7)*

Yang terpenting kita harus mau mendengar dan mempunyai komunikasi h

*The most important thing is that we have to listen and have communication with the union (Ag7: 7)*

SP dan perusahaan adlh sbg patner sehingga kita berkomunikasi scr terus menerus untuk membicarakan isu2 berkaitan dgn pekerja dan bagaimana upaya2 untuk membuat organisasi menjadi lebih baik (Tx1: 2)

*The union and the company are as partners, so we have continuous communication to discuss employees' issues and how to make the organization better (Tx1: 2)*

Management melibatkan SP untuk mendiskusikan isu2 organisasi melalui pertemuan formal setiap tiga bulan (Tx5: 9)

*The management involves the union to discuss organizational issues via formal meeting every three months (Tx5: 9)*

Kami mempunyai interaksi formal dgn SP kemduain hasilnya ditandatangani bersama antara SP dan management sbg kesepakatan kerja bersama dan direview tiap dua tahun sekali (Tx7: 4)

*We have a formal interaction with the union, then the result is signed by the management and the union as a mutual work agreement and reviewed every two years (Tx7: 4)*

Untuk menciptakan lingkungan yg kondusif, kesepakatan kerja bersama yg ditandatangani oleh SP dan perusahaan harus diterapkan secara konsisten oleh kedua belah pihak (Tx9: 9)

*To make a conducive work environment, a mutual work agreement which is signed by the union and the company should be implemented consistently by both parties (Tx9: 9)*

Disini, keberadaan SP untuk menjamin bahwa jak2 pekerja dipenuhi oleh perusahaan (Ht7: 9)

*Here, the union exists to ensure that employees' rights are fulfilled by the company (Hs7: 19)*

Kami memeberikan kebebasan kpd SP, bahkan lebih jauh merka itu menjadi partner kita (Hs9: 9)

*We provide freedom for the union, moreover they become a partner (Hs9: 9)*

*Saya rasa hub antara perusahaan & SP itu harmonis tapi tetap demokratis. Kadang2 keras... (Ht5: 13)*

*I think the relationship between the company and the union is in harmony but democratic (Ht5: 13)*

Dalam situasi tertentu SP terlibat untuk membuat keputusan2 (Ht 6: 21)

*in certain situations the union is involved in making decisions (Ht6: 21)*

SP di hotel itu terdiri dari orang2 yg cerdas pak, mrk berilmu; ini mjd partner yg dinamis untuk membawa organisasi menjadi lebih baik (Ht7: 7)

*The union in this hotel consists of smart people; it becomes a dynamic partner to make our organization better (Ht7: 7)*

SP mempunyai posisi yg kuat di hotel ini. Kami meletakkannya sbg partner bisnis (Ht13: 7)

*The union has a very strong position in this hotel. We put it as a business partner (Ht13: 7)*

## 2. The Role of HRM and Its People in the Organization

### 2.1. The Two-Way Linkage

#### 1. Organizational Mindset

Dalam perencanaan perusahaan, saya sendiri memberikan suatu rencana kerja dan masukan-masukan, tetapi keputusan tetap pada beliau/direktur (Ag1: 2)

*In corporate planning, I [\*HR manager] contribute a work plan and inputs; however the final decision is with the director (Ag1: 2)*

Kami terlibat hanya saat perencanaan, manajemen membuat keputusan kemudian kami melaksanakannya. Tentu saja kami memberikan masukan-masukan (Ag2: 5)

*We are involved in planning only, the management makes a decision then we implement it. Of course we provide inputs (Ag2: 5)*

Departemen SDM mempunyai ruang untuk menyampaikan pendapat tetapi tidak untuk memutuskan (Ag4: 3)

*The HR department has a space to talk, but not to decide (Ag4: 3)*

Tentu saja... kami sering memberikan masukan-masukan. Itulah tugas saya... (Ag7: 3)

*Yes....we often give contributions. That's my job... (Ag7: 3)*

Berkaitan dengan arahan yang sifatnya strategis, peran kita adalah memberikan masukan-masukan dan alternatif-alternative pilihan (Tx2: 2)

*For strategic direction, our role is to provide inputs and alternatives (Tx2: 2)*

Departemen SDM tidak terlibat dalam pengambilan keputusan. Kami mengimplementasikan apa-apa yang manajemen putuskan (Tx4: 2)

*The HR department is not involved in making decisions. We implement what the management decides (Tx4: 2)*

Kami berperan sebagai perantara untuk mensuplai input-input dari bawah ke atas (Tx6: 6)

*We are as an intermediary function to supply inputs from the bottom to the top (Tx6: 6)*

Selama ini, peran departemen SDM bukanlah bagian dari pembuat keputusan-keputusan strategis (Tx8: 1)

*So far, the role of the HR department is not part of strategic decision making (Tx8: 1)*

Organisasi belum melibatkan kita, peran kami memberikan saran-saran dan mengimplementasikan keputusan-keputusan (Tx9: 1)

*The organization has not involved us yet; our roles are giving suggestions and implementing decisions (Tx9: 1)*

Kami tidak terlibat dalam pembuatan keputusan strategis, kalau mengimplementasikan iya.... (Tx10: 10)

*We aren't involved in strategic decision making; if implementing, yes... (Tx10: 10)*

Berkaitan dengan rencana strategis, departemen SDM menyiapkan beberapa proposal (Hs1: 4)

*In terms of strategic planning, the HR department provides some proposals (Hs1: 4)*

Kami menyiapkan beberapa skenario, keputusan bukanlah porsi kami (Hs4: 3)

*We prepare scenarios, decision is not our portion (Hs4: 3)*

Kami terlibat sebatas sebagai penyuplai rencana strategis saja (Hs5: 4)

*We are involved in terms of supplying of strategic plans only (Hs5: 4)*

Departemen SDM pekerjaan utamanya adalah melaksanakan keputusan-keputusan yang sudah dibuat kemudian memberikan feedback (Hs14: 3)

*The HR department is mainly implementing what decisions have been made, then giving feedback (Hs14: 3)*

Peran strategis? Belum kali ya... kami mensuplai rencana-rencana strategis dan evaluasi-evaluasi ke manajemen (Hs16: 2)

*A strategic role? Not yet really.... we supply strategic plans and evaluations to the management (Hs16: 2)*

## **2. Organizational Structure**

Kita punya CEO, direktur keuangan, pemasaran, dan urusan umum. Tidak ada direktur spesifik SDM sebagai bagian dari strategic decision board sehingga secara formal kita bukanlah bagian dari pembuat keputusan strategik (Ag7: 2)

*We have a CEO, director of finance, marketing, and general affairs. There is no specific HR director as part of the strategic decision board, so formally we are not part of the decision making (Ag7: 2)*

Departemen SDM itu ada dibawah struktur urusan umum, tidak secara spesifik dibawah struktur SDM (Tx4: 1)

*The HR department is in the general affairs structure, not specifically as a HR department (Tx4: 1)*

Kami ini dibawah wakil direktur urusan administratif dan umum (Hs4: dan Hs5: 3)

*We are under the vice director for administrative and general affairs (Hs4: 4 & Hs5: 3)*

### **3. Informal Strategic Decision Process**

Keputusan-keputusan strategik itu sepenuhnya bergantung pada keputusan formal dari strategic board, dan kami tidak ada disana (ag4: 2)

*The strategic decisions completely depend on the official decision of the strategic board; while we are not there (Ag4: 2)*

Kami melakukan pembicaraan-pembicaraan secara informal, tapi lebih seringnya diskusi-diskusi tersebut tidak bisa dikatakan sebagai suatu keputusan informal (Tx6: 3)

*We have informal discussions, but often the decisions are not as an informal agreement (Tx6: 3)*

Cecara formal kita belum terlibat dalam proses pengambilan keputusan strategik. Disisi lain kita juga tidak ada proses pengambilan keputusan secara informal (Hs1: 4)

*Formally we are not involved in the strategic decision process yet. On the other hand, there is no informal decision process (Hs1: 4)*

## **2.2. Integrative Linkage**

### **1. Organizational Mindset**

Kita memiliki peran yang berimbang mulai dari penyusunan sampai pembuatan keputusan (Ag3: 2)

*We [\*all of managers] have an equal role from formulating to making decisions (Ag3: 2)*

Konsep strategi kita diskusikan dalam rapat, sehingga keputusan merupakan hasil dari keputusan bersama (Ag5: 2)

*The concept of the strategy has been discussed in the meeting; so the decision is the result of joint decisions [\*including HR department] (Ag5: 2)*

Ketika perusahaan ingin melaunching suatu strategi baru, manajemen selalu melibatkan kepala-kepala department dengan pertimbangan-pertimbangan para manajer. Mereka lebih dilibatkan dalam pengambilan keputusan, terus saat itu di announce kita semua sdh siap (Ag6: 7)

*When the company wants to release a new strategy, the management always involves the department head [\*including HR], with the deliberations of the manager. They are more involved in decision making; when it is announced, we are all ready (Ag6: 7)*

Organisasi kami sepenuhnya percaya pada prinsip-prinsip cross-departmental dan mutual-contribution, kami membuat keputusan secara bersama-sama dan mengimplementasikannya secara bersama-sama pula (Ag10: 14)

*Our organization strongly believes in the principle of cross-departmental, mutual contribution; we make decisions together [\*including HR department] and implement them together as well (Ag10: 14)*

Kita bersyukur karena direksi selalu mendengarkan masukan-masukan kita bahkan kita dilibatkan dalam pengambilan keputusan (Ag12: 22)

*we are grateful that the board is listening to our inputs [\*HR department's inputs] we're even involved in decision making (Ag12: 22)*

Selama ini posisi saya sangat strategis. Bahkan dapat dikatakan saya memerankan sebagai direktur pelaksana (Tx1: 4)

*So far... my position [\* HR manager] has been very strategic. It can be said that I am as an acting director (Tx1: 4)*

Kami menyiapkan alternatif-alternatif strategi, kemudian kita mendiskusikannya untuk membuat keputusan-keputusan (Tx3: 2)

*We provide alternative strategies, then we discuss them to make decisions (Tx3: 2)*

Kami terlibat dalam pertemuan strategis tahunan (Tx7: 2)

*we are involved in a strategic meeting annually (Tx7: 2)*

Manusia dianggap sebagai asset terpenting bagi perusahaan, makanya tidak mengherankan kalau departemen SDM memainkan peran yang strategis (Tx11: 4)

*Humans are considered the most important asset, not surprisingly, the HR department plays a strategic role (Tx11: 4)*

Saya sebagai strategic partnernya CEO, konsekuensinya saya terlibat dalam pembuatan keputusan strategic (Tx12: 2)

*I am [\*HR manager] a strategic partner with CEO, consequently I am involved in strategic decision making (Tx12:2)*

Kita membuat keputusan melalui meeting dengan semua departemen head dan General Manager (GM) (Ht3: 2)

*We make decisions via meetings with all of the department heads and the general manager (Ht3:2)*

Kita ada yang namanya executive committee meeting yang melibatkan GM dan lima dept head –executive assisstant manager, personnel manager, sales manager, communication manager, financial controller-. Disinilah hal-hal yang sifatnya strategik diputuskan secara bersama-sama (Ht4: 3)

*We have an executive committee meeting involving the GM and the five department heads; namely assistant executive manager, personnel manager, sales manager, communications manager, and financial controller. This is where strategic matters are decided together (Ht4: 3)*

...kemudian kita ambil keputusan melalui Exco (Ht9: 4)

*...then we make strategic decisions by the executive committee (Ht9: 4)*

...dengan demikian keterlibatan departemen SDM sangat intensif mulai dari mendesain strategi, memutuskan apa yg terbaik, bahkan mekanisme kontrolnya (Ht12: 2)

*... so the involvement of the HR department is very intensive in designing a strategy, deciding what's best, doing it, and even to the control mechanism (Ht12: 2)*

Kita diberi space yg cukup untuk menyampaikan program, pertimbangan, pemikiran, dan juga terlibat dalam menentukan keputusan akhir (Ht13: 2)

*we have enough space to deliver the program, considerations, thoughts, and are also involved in determining the final decision (Ht13: 2)*

Kita [HR department\*] duduk bersama dalam executive committee, GM dengan semua manager. Kita duduk bareng sehingga sumbang saran semua departemen sangat diharapkan sebelum pengambilan keputusan (Ht14: 2)

*we [\*HR department] sit together in the executive committee, the GM with all managers. We sit together so that all departments can brainstorm before making a decision (Ht14: 2)*

HR department selalu dilibatkan dalam pengambilan keputusan strategik, karena kita anggota Executive Committee (Ht16: 1)

*The HR department is always involved in strategic decision making, because we are members of the executive committee (Ht16: 1)*

Manusia adalah bahan baku utama di organisasi kami. Karenanya kita menempatkannya sebagai pemain strategik (Hs3: 7)

*Humans are the main raw material in our organization. Accordingly, we are placed as strategic players (Hs3: 7)*

Para manager menyediakan data, memberikan masukan<sup>2</sup>, dan terlibat dalam pengambilan keputusan, mereka juga sebagai eksekutor utama/pelopor (Hs7: 7)

*The managers [\*including HR managers] provide data, give inputs, and are involved in decision making; they are also as the main executor (Hs7: 7)*

Strategi organisasi selalu berubah secara dramatis. Peran dari departemen SDM tidak hanya dlm hal implementasi tapi kami terlibat dalam pengambilan keputusan kebijakan-kebijakan secara aktif (Hs9: 9)

*Organizational strategy always changes dynamically. The role of the HR department is not only in implementation, but we are also involved in deciding policies actively (Hs9: 9)*

Siklus plan-do-act-feedback-new decision berjalan secara kontinyu dan kami terlibat secara bersama<sup>2</sup> (Hs12: 8)

*The cycle of plan-do-act-feed back-new decisions, runs continuously and we are engaged together (Hs12: 8)*

Perencanaan jangka panjang dibuat oleh direktorat perencanaan, kemudian diputuskan oleh dewan direktur (Hs13: 2)



*Long-term planning is created by the planning directorate, then decided by the board of directors [including HR director] (Hs13: 2)*

Integratif...tetapi prosesnya secara bottom up. Manajer SDM mencari input sebanyak mungkin untuk dibawa kedalam forum pengambilan keputusan (Hs17: 3)  
*integrative...however the process is bottom up. HR managers should seek advice as much as possible to be brought into a decision-making forum (Hs17: 3)*

## **2. Organizational Structure**

Struktur tertinggi terdiri dari direktur kemudian diikuti manajer pemasaran, produksi, teknik, keuangan, dan SDM (Ag3: 2)

*The highest structure consists of a director, then followed by marketing, production, technique, finance and HR managers (Ag3: 2)*

Departemen SDM adalah anggota dari semua komite strategis (Ag9: 5)

*The HR department is a member of all strategic committees (Ag9: 5)*

HR adalah bagian dari managing direktur strategis makanya namanya strategic HR department (Ag12: 3)

*The HR department is part of the managing strategic directions, so it is called a strategic human resource department (Ag12: 3)*

Posisi saya langsung dibawah direktur, dan saya sering memerankan sebagai direktur pelaksana ketika beliau sedang bepergian (Tx1: 1)

*My position [\*HR manager] is directly under the director; and I often take the role of an acting director when he goes out (Tx1:1)*

Jelas sekali, struktur kita memperlihatkan bahwa departemen SDM merupakan bagian dari struktur pengambilan keputusan strategis (Tx5: 3)

*Clearly, our structure shows that the head of the HR department is a part of the strategic decision structure (Tx5: 3)*

Struktur tertinggi dari dept SDM adalah wakil direktur SDM (Tx7: 2)

*The highest structure of the HR department is the vice director of HR (Tx7: 2)*

Sebagai direktur SDM, posisi saya merupakan lapis kedua dlm struktur (Tx11: 1)

*As the HR director, my position is within the second layer of the structure (Tx11: 1)*

Orang tertinggi dept SDM adl wakil direktur urusan SDM, dan tentu saja dia merupakan anggota dari strategic board (Hs6: 3)

*the highest person in the HR department is the vice director of HR, and of course he is a member of strategic board (Hs6: 3)*

Kita mempunyai satu direktur dan empat wakil direktur, yaitu pelayanan klinik, penunjang klinik, keuangan dan SDM (Hs12: 4)

*We have one director and four vice directors, they are: clinical services, supporting clinic, finance, and HR (Hs12: 4)*

Struktur tertinggi di hotel ini adalah GM, kemudian dibawahnya ada 8 dept head termasuk SDM. Mereka-mereka (bersembilan) inilah para pengambil keputusan tertinggi di hotel (Ht3: 3)

*The highest structure in this hotel is the general manager (GM), and is then followed by eight department heads including HR. These nine positions are the highest decision makers (Ht3: 3)*

Secara monthly ada namanya executive comittee itu terdiri dari GM sampai division head [termasuk SDM\*]; disitulah dibahas dan diputuskan hal-hal kecil sampai hal-hal besar (Ht6: 6)

*Monthly, there is an executive committee which consists of the GM and divisional heads including HR. All things related to the hotel are discussed and decided here. (Ht6: 6)*

Rapat tertinggi adalah rapat antara GM dgn kedelapan DH, termasuk departemen head SDM. Rapat ini kita sebut Executive Committee (Exco). Disinilah segala keputusan strategik diambil (Ht9: 4)

*The highest meeting is the meeting between the GM and the eight department heads including HR. We call this meeting executive committee. Here, all strategic decisions are made (Ht9: 4)*

Struktur tertinggi adalah GM dengan dibantu 5 kepala divisi; salah satu diantaranya divisi SDM. Keenam orang itu merupakan anggota executive comitte, struktur tertinggi pengambil keputusan (Ht12: 1)

*The highest structure is the GM, who is supported by five division heads; one of them is HR. Those six people are the members of the executive committee, the highest structure of decision makers (Ht12: 1)*

### **3. Informal Strategic Decision Process**

Meskipun saya orang tertinggi di departemen SDM tetapi saya bukanlah bagian dari strategic decision board (SDB). Tetapi pengalaman menunjukkan bahwa keputusan-keputusan strategis yang lahir tidak lebih dari apa yang telah kita diskusikan bukan di strategic decision board. Kemungkinan karena peran saya yang cukup sentral pada proses restrukturisasi yang saat ini sedang terjadi di organisasi (Tx3: 4)

*Although I am the highest person in the HR department, I am not part of the strategic decision board. However, experiences show that a strategic decision that is created, is no more than what we discussed not in the strategic board. Perhaps this is because my role is quite central in the organizational restructuring process that is currently underway (Tx3: 4)*

RS kami ini unik dan kami semua disini sudah seperti keluarga sendiri bukan layaknya organisasi formal. Hampir semua keputusan-keputusan merupakan hasil dari diskusi-diskusi diluar rapat dewan strategis. Pertemuan-pertemuan strategik memang ada, tetapi hal itu tidak lebih dari proses formalisasi apa yang telah kita setuju pada diskusi-diskusi diluar pertemuan-pertemuan dewan strategik (Hs7: 2)

*Our hospital is unique and we are like a family rather than a formal organization. Almost all organizational decisions are the result of discussions outside the strategic board meeting. There are strategic meetings, but they tend to be the formalization processes of what has been agreed in discussions outside the strategic board meetings (Hs7: 2)*

### **3. The Determinants of the HR Strategy Implementation**

#### **3.1. Credibility of HR Strategy**

##### ***1. Level of Understanding Business of Strategy***

Kita berada disini untuk menggapai tujuan bisnis (Ag4: 6)

*We [ \*HR department and staff] are here to achieve the business goals (Ag4: 6)*

Saya kira jelas; bagaimana kita melakukan alignment kalau kita tidak tahu apa yang menjadi sumber dari alignment tersebut (Ht15: 5)

*I think it's clear; how can we align if we don't know what the source of alignment is (Ht15: 5)*

Strategi apa yg dipilih oleh organisasi (Ag8: 4)

*What is the strategy chosen by organization (Ag8: 4 )*

Apa yang menjadi fokus organisasi kita (ag12: 13)

*What is our organizations focus (Ag12: 13 )*

Apa keunggulan kompetitif kita (Tx11: 3)

*What are our competitive advantages (Tx11: 3)*

Apa keunggulan komparatif kita (Hs7: 10)

*What are our comparative advantages (Hs7: 10)*

Bagaimana ita berkompetisi dengan yg lain (Hs18: 6)

*How do we compete with others (Hs18: 6)*

Bagaimana perusahaan meraih tujuannnya (Ht10: 7)

*How will the company achieve its goal (Ht10: 7)*

Apa yang dideklarasikan oleh organisasi untuk mencapai visi dan misi (Ht19: 8)

*What is declared by the organization... to accomplish the vision and mission (Ht19: 8)*

Memahami strategi bisnis itu hendaknya bersifat dinamis; tidak hanya paham semata-mata tapi juga mampu untuk mengidentifikasi koesekuensi-konsekuensi dibalik strategi yang dipilih (Ag9: 9)

*Understanding business strategy should be dynamic; not only just to understand but also to be able to identify the consequences behind the strategy chosen (Ag9: 9)*

Ok, kita tahu ini strategi bisnis kita, so what... (H9: 10)

*Ok, we know this is our business strategy, so what... (Hs9: 10)*

Jika kita sudah paham benar, masalah selanjutnya adalah apa implikasinya bagi kita (Ht12: 7)

*If we understand it well [\*the business strategy], the next problem is what the implications to us [\*HR department] are (Ht12: 7)*

Bagaimana menerjemahkan strategi bisnis ke dalam strategi SDM itu jauh lebih penting (Tx10: 9)

*How to translate the business strategy into the HR strategy is much more important (Tx10: 9)*

Strategi SDM bisa dikategorikan bagus jika poin-poin utama dalam bisnis strategi juga bisa di follow-up-i ke dalam strategi SDM (Ht13: 7)

*A HR strategy can be categorized as a good one when key points of the business strategy can also be followed up into the HR strategy (Ht13: 7)*

Strategi SDM maknanya strategi dlm me-manage orang untuk mencapai strategi bisnis (Hs16: 6)

*A HR strategy means the strategy in managing people to achieve a business strategy (Hs16: 6)*

Strategi SDM merupakan prototype kecil dari strategi bisnis dalam hal SDM (Ag4: 6)

*A HR strategy is the mini-prototype of a business strategy in terms of HR (Ag4: 6)*

## ***2. Compatibility with the Condition of Organization***

Strategi-strategi yang diambil harus sesuai dengan kondisi yg ada disini (Tx3: 8)

*Strategies decided upon should fit with the conditions here [\*organization] (Tx3: 8).*

Organisasi harus melakukan penyesuaian dengan berbagai kontek disekelilingnya (Ag6: 8)

*The organization should adjust to the surrounding contexts (Ag6: 8)*

Kebijakan-kebijakan harus mendengar aspirasi-aspirasi mereka (Ht 6: 22)

*In making policies we should listen to their [\*employees] aspirations (Ht6: 22)*

Segala sesuatu kita bahas dulu sehingga sesuai dengan kondisi sini maka mereka akan bisa jalan tanpa ada resistensi (Tx10: 10)

*If we discuss everything first according to the conditions, they will go ahead with no resistance (tx10:10)*

Apa yg kita implementasikan betul-betul berdasarkan kebutuhan sehingga mendapat dukungan yang luar biasa (Tx11: 4)

*What we implemented was truly based on what we need; so we got numerous support [\*from employees] (tx11: 4)*

Karyawan makin hari makin banyak dan makin banyak, kita harus mengenali keberadaannya dlm strategi SDM kita

*The number of our employees is getting bigger and bigger, we have to recognize them in our [\*HR] strategy (Ag8: 12)*

Selama satu dekade terakhir, teknologi telah mendapat perhatian secara lebih serious pada strategi SDM kami

*In the recent decade, technology has been taken into consideration more seriously in our HR strategy (Ag13: 13)*

Kita baru saja memodifikasi strategi kita semenjak menggunakan teknologi secara lebih intensif

*We just modified our strategy since we are using technology more intensively (Tx4: 9)*

Strategy SDM tidak berarti apa2 bila kita tidak mendapat dukungan finansial yg memadai untuk mengimplementasikannya

*A HR strategy means nothing if we do not consider financial support to implement it (Hs11: 4)*

Kalau strategi SDM kita bagus, fit dengan bisnis strategi kita dan juga kontek-kontek yang lain, tapi kita tidak mempunyai dana untuk melakukannya maka berarti tidak ada artinya sama sekali bagi organisasi

*If our HR strategy is good and fits with the business strategy and other contexts, but we have not sufficient money to do it; it means nothing to the organization (Hs12: 17)*

Semenjak mendapat dukungan finansial yg lebih, kami telah mampu untuk mengimplementasikan strategi kami secara lebih berhasil

*since we received more financial support, we [\*HR department] were able to implement our strategy more successfully (Ht8: 12)*

Kami menaruh perhatian yg lebihh serius ketika perusahaan telah memasuki fase dewasa. Strategi SDM kami hrs lebih kuat dlm hal keterkaitannya dengan strategi bisnis utk tetap menjaga perusahaan tetap kokoh dlm siklus yg sangat menguntungkan ini

*we give a more serious consideration when the company moves into the mature stage. Our HR strategy has to be stronger in terms of alignment with the business strategy, to keep the company strong in this very beneficial life stage (Ht11: 4)*

Dulu kami pernah hire consultant asing, nggak tahunya produktivitas kami malah turun 10% krn mereka nggak adaptasi dgn kondisi disini (Tx3: 9)

*In the past we hired foreign HR consultants, our productivity index dropped 10% because they did not adapt to the situation here (Tx3:9)*

Terlalu kebarat-baratan tidak akan cocok karena kita hidup di masyarakat timur (Tx9: 4)  
*Being too western is not suitable because we are living in an eastern society (Ag9: 4)*

### **3. Involvement of Organization's Member**

Kita mencoba melibatkan mereka shg ketika jadi policy mereka dapat mengimplementasikan secara lebih mudah (Tx10: 10)

*We [\*organization] tried to involve them [\*employees]; so when it becomes policy, they could implement it easier (Tx 3: 10)*

Ketika mereka terlibat, biasanya tidak akan ada masalah dalam implementasinya (Ag13: 7)

*When they [\*employees] get involved, usually they are trouble-free in their implementation (Ag13: 7)*

Keterlibatan karyawan yg semakin intensif dlm pembentukan strategi SDM biasanya strateginya lebih handal (Ht1: 5)

*When people are involved more intensively in a HR strategy development, that strategy usually is more reliable (Ht1: 5)*

Proses penyusunan sebisa mungkin melibatkan orang banyak, krn dari situlah akan banyak masukan. Manakala top manajemen hanya bekerja sendiri mungkin keputusannya tidak sesuai yg kita butuhkan (Hs12: 17)

*The process of developing a strategy should involve as many people as possible [\*employees] because it will receive many inputs. When the top management works alone, the decision might not be based on what we need (Hs12: 17)*

Intensitas keterlibatan dalam proses juga sangat menentukan, terutama dlm komunikasi (Ht6: 22)

*The intensity in process [\*HR strategy development] is also a determinant factor, especially in terms of communication (Ht6: 22)*

Keterlibatan dlm penyusunan dan keputusan strategi akan menimbulkan rasa memiliki dan tanggung jawab untuk mensukseskannya (Ht16: 5)

*The involvement in developing and deciding strategy will encourage a sense of belonging and responsibility to make it successful (Ht16: 5)*

Apabila dari awal sudah melibatkan banyak orang; setelah jadi kita komunikasikan lagi “ini lho strategy kita”. Nah merek akan berkomentar, “ini nih dulu yg kita kasih masukan” sehingga mrk mempunyai komitmen untuk mensukseskannya (Hs12: 18)

*If the organization involved more people [\*employees] from the beginning; when the formulation is completed then we communicated again to them ‘this is our strategy’. They will comment: ‘it was our inputs’ then they have commitment to make it successful (Hs12: 18)*

Ketika mereka pada level tertentu itu juga diikuti dlm setiap pengambilan keputusan, maka pada saat keputusan itu diterapkan mereka merasa bangga bahwa itu keputusan mereka juga; keinginan mereka juga; jadi aspirasi mereka sampe/didengarkan (Ag6: 25)

*When they [\*employees] -in certain levels- are also involved in decision makings, when those decisions are implemented they will feel proud because those are their decisions too; their wants too; so their aspirations were heard (Ag6: 25)*

Jika mereka dilibatkan dlm pengambilan keputusan, mereka akan membela mati-matian keputusan itu (Hs9: 10)

*If they were involved in decision making, they will defend that decision to their best (Hs9: 10)*

Ini adl seni bgmn melibatkan semua orang dlm pengambilan keputusan. makanya ketika keputusan diambil, semua orang merasa terikat denga keputusan tersebut. Dlm proses ini, hal yg terpenting adalah komunikasi sehingga siapa-siapa yg menolak pun akhirnya bisa menerima (Hs3: 21)

*It is about an art in how to involve every person in decision making. Therefore, when a decision is made everyone becomes part of that decision. In this process, the most important thing is communication so whoever does not agree with a decision will; finally accept the decision (Hs3: 21)*

Jika mereka terlibat, mereka biasanya merasa bersalah kalau tidak melaksanakannya. Bahkan, mereka mengawasi keputusan itu tanpa harus dipaksa (Ag9: 13)

*If they are involved [\*in HR strategy formulation], they usually feel guilty if they do not do it. Moreover, they will control that decision voluntarily (Ag9: 13)*

Keterlibatan mereka juga juga akan membantu menyelesaikan persoalan-persoalan dalam implementasi (Tx4: 9)

*Their involvement will also help resolve the problems [\* HR strategy implementation] (Tx7: 9)*

Jika masukan dari mereka merupakan bagian dari keputusan, mereka akan memberikan input lagi dengan senang hati guna perbaikan dimasa mendatang

*If their inputs are part of the decision, they will give input gladly for improvement next time (Tx12: 11)*

### 3.2. Organizational Support

#### 1. Top Management Support

Tentu....peran direktur untuk mendukung (support) sangat membantu (Ag2: 8)  
*of course... the role of the director to support [\*implementation] is very helpful (Ag2: 8)*

Jelas...support dari atasan yg sangat penting (Ag11: 14)  
*For sure... support from the top is very important (Ag11:14)*

Tetap dari pimpinan, klo nggak ada dukungan dari pimpinan ya saya nggak bisa (Tx9: 10)  
*Definitely from the top, if there is no support from the top management of course I [\*HR manager] can do nothing (Tx9: 10)*

Backup dari top manajemen sangat vital, klo nggak tidak akan jalan (Hs15: 9)  
*Backup from the top management is vital. If not, they [\*HR strategies] cannot be implemented (Hs15: 9)*

Ketika kita implementasikan, top manajemen nggak support itu susah jalannya atau bahkan mustahil (Ht4: 15)  
*When we implement it, and the top management did not support them; it would be very hard or even impossible (Ht4: 15)*

Walaupun saya disiplin tapi klo top manajemnnnya tdk support, tidak akan jalan. (Ht4: 15)  
*Although we are very disciplined... but if there is no support from the management, it cannot be implemented (Ht8: 15)*

Keywordnya itu ada pada support, klo nggak ada support jangan harap itu mau jalan. (Ht4: 15)  
*The key word is support, if there is no support, do not expect it can be implemented successfully (Ht11: 15)*

Dukungan yg konsisten dari top management thd sesuatu yg sdh diputuskan sangat krusial, karena orang lain akan mengikutinya (Tx1: 7)  
*Consistent support from the top management to something that has been decided [\*HR strategy] is crucial, because other people will follow it (Tx1: 7)*

Komitmen dari top manajemen menjadi faktor kunci karena biasanya style manajemen di indonesia itu sentralistik (Hs1: 5)  
*Commitment from the top management becomes a key factor, because usually the style of management in Indonesia is centralistic (Hs1: 5)*



Mereka akan komit klo mereka well-informed, kami harus membicarakannya selengkap mungkin sebelum segala sesuatunya diputuskan (Ag8: 13)

*They [\*top management] will commit to it [\*HR strategy implementation] if they are well-informed; we have to give them as much detail as possible before everything is decided (Ag8: 13)*

Kita bisa menginfluence yang diatas dulu, karena sehebat apapun kalau yang diatas tidak ada komitmen maka tidak bisa jalan (Tx10: 11)

*We may influence the top first, but no matter how remarkable our HR strategies, if people at the top have no commitment, it cannot be implemented successfully (Tx10:11)*

Manajemen selalu membackup policy kami krn mereka sangat memahami untuk apa kami melakukannya (Tx4: 9)

*The management always backup our policies, because they do understand what we are doing it for (Tx4: 9)*

Backup manajemen sangat intens, setiap hari. Shg dapat dikatakan top manajemen bagian dari pelaku disana [operasional\*], meskipun sebenarnya bukan (Tx8: 4)

*Backup from the management is very intensive every day. It can be said that the top management are part of the [\*operational] actors, although they are not (Tx8:4)*

Sekarang, negosiasi untuk anggaran SDM semakin mudah karena mereka percaya kpd kita bhwa apa yg kita keluarkan akan mempunyai dampak yang lebih besar bagi bisnis (Ag13: 6)

*Now, negotiation for the HR budget is getting easier because they [\*top management] believe in us; that what we spend will have a greater impact to business (Ag13: 6)*

Kami pernah memutuskan policy yang banyak tantangannya tetapi akhirnya dpt diimplementasikan dengan sukses karena adanya dukungan yg tak terbatas dari top manajemen manakala kami dealing dgn persoalan di lapangan (Ht16: 6)

*We once decided policies which had many challenges, however they could be implemented successfully because of the unreserved support from the top management when we dealt with difficulties in the field (Ht16: 6)*

## **2. Partnership among Department**

Memang organisasi ini spt badanmnya manusia lah.....klo ada yg cacat [termasuk departemen SDM\*] ya mempengaruhi yg lain juga (Ht6: 8)

*Organization is just like a human body. If one part is ill or even disabled [\*including HR department]; it will affect the others (Ht6: 8)*

Keberhasilannya bukan krn dianya tapi krn timnya, tdk ada yg namanya individual. Makanya teamwork disini sangat penting (Ag12: 9)

*Success is not because of him or her but because of the team, not individuas. That's why team work is very important here (Ag12: 9)*

Prinsip kita adalah kebersamaan. Yang lainnya [manager-manager \*] terlibat secara bersama-sama (Tx1: 2)

*Our principle is togetherness. Other managers are involved in the work together (Tx1: 2)*

Kerjasama dgn dept yg lain tentu saja merupakan penentu penting bagi keberhasilan dlm implementasi strategi (Tx3: 7)

*Cooperation with other departments, of course, is an important determinant of success in implementing a strategy (Tx3: 7)*

Kalau nggak bersama-sama bagaimana? kita kan satu organisasi (Tx11: 9)

*if we do not work together, what will they say? We are an organization (Tx11: 9)*

Menjadi tantangan bagi kami bagaimana menjadikan dokter yg dididik menjadi soliter untuk bisa bekerja dgn baik dalam team-work. Perjuangan betul (Hs3: 6)

*It is a challenge for us to make the doctors who were trained to be solitary to become a team in our hospital. It really is a struggle (Hs3: 6)*

Semua orang punya peran masing-masing dalam satu team besar, organisasi. Maka perlu kerjasama diantara mereka (Hs13: 6)

*Each person has their own role in one big team –the organization. Cooperation between them is vital (Hs13: 6)*

Kerjasama antar orang lintas departemen juga sangat menentukan keberhasilan (Ht6: 22)

*cooperation among people across departments is also very critical to success (Ht6: 22)*

Karena kita kecil, model team-worknya dapat diimplementasikan dengan baik (Ht11: 7)

*because we're small, a teamwork model could be well implemented (Ht11: 7)*

Kerjasama dgn dept lain juga sangat baik; bahkan seringkali kesulitan dept lain konsul dulu ke HR dept (Ht: 8)

*Cooperation with other departments is very good, and even when other departments have difficulties, they quite often consult us [\*HR manager] (Ht12: 8)*

Kerjasama dgn dept lain jelas sangat mempengaruhi keberhasilan implementasi strategi (Ht14: 8)

*Cooperation with other departments obviously influences the successful implementation of the strategy (Ht14: 8)*

Komunikasi lintas departemen merupakan critical factor utk membangun teamwork yg kuat di organisasi. Lebih lanjut, kepedulian terhadap team work akan sangat membantu dalam implementasi strategi (Tx10: 10)

*Communication among departments is a critical factor to build teamwork in the organization. Furthermore, awareness of team work will assist in the implementation of the strategy (Tx10: 10)*

Kita selalu berhubungan, kita semua saling terkait... (Ht 8: 4)  
*We are always keeping in touch, we are all related ... (Ht8: 4)*

Dialog antar sesama manajer dan juga kebawah (pekerja) memberikan kontribusi yang signifikan bagi terbentuknya partnership yg kuat (Hs9: 10)  
*Dialogue among managers and also with employees makes significant contributions to forming strong partnership (Hs9: 10)*

Perbenturan dengan dept head lain itu hal biasa, yg penting komunikasi sehingga terpecahkan masalah dgn wise; win-win solution lah... (Ht15: 5)  
*A clash with other managers is a normal thing; the most important thing is how to communicate it so the problem can be solved wisely; with a win-win solution (Ht15: 5)*

Departemen-departmen lain akan mendukung asal kita komunikasikan dgn baik (Ht16: 6)  
*The other departments will support us, as long as we have good communication with them (Ht16: 6)*

Kami memprioritaskan dept head meeting sebagai forum untuk komunikasi dan konfirmasi (Ag6: 24)  
*Our main priority is the head department meeting as a forum of communication and confirmation (Ag6: 24)*

Kami punya komunikasi formal seperti dept head meetings, morning briefing, dsb .(Ht11: 7)  
*We have formal communications such as department head meetings, morning briefings, etc. (Ht11: 7)*

Kerjasama dengan manager-manajer lain? kita ada komitmen utk saling bertukar pikiran baik pada saat makan siang maupun pada saat ada pertemuan rutin. kita selalu diskusikan baik formal maupun informal. Tdk masalah...kapanpun, dimanapun...kita tdk punya masalah untuk berkomunikasi, kita tdk ada penghalang (Tx5: 11)  
*Collaboration with the other managers? We have a commitment to share thoughts at the either lunch or other moments when there are regular meetings. We always have discussions either formally or informally. It doesn't matter... whenever, wherever... we have no problem to communicate; we have no borders (Tx5: 11)*

Koordinasi merupakan tahap berikutnya setelah komunikasi (Tx6: 14)  
*Coordination is a further step beyond communication (Tx6: 14)*

Koordinasi cenderung merupakan langkah yang lebih formal untuk mengintegrasikan dalam satu tindakan (Ag9: 15)  
*Coordination tends to be a more formal step to integrate an action (Ag9: 15)*

Komunikasi & koordinasi sangat susah utk dipisahkan, akan tetapi koordinasi mempunyai kekuatan yang lebih besar utk membuat agreement dalam pengekskusi strategi (Hs10: 13)

*Communication and coordination are very hard to separate; however coordination is more powerful to make an agreement in the strategy execution (Hs 10: 13)*

Dapat dikatakan bahwa tidak ada koordinasi kalau tidak ada komunikasi (Ht8: 15)

*It can be said that there is no coordination if there is no communication (Ht 8: 15)*

Kita kan bekerja sama utk mencapai tujuan organisasi. Untuk bisa melakukan ini, kita selalu belajar satu sama lain; nah disinilah koordinasi kata kuncinya (Ag6: 25)

*We work together to achieve the organizations goal. To do this, we always learn from each other; coordination is the key factor (Ag6: 25)*

Koordinasi antar seluruh manager sangat mensupport keberhasilan implementasi strategi (Ag13: 6)

*Coordination among managers will support the successful implementation of the strategy (Ag13: 6)*

Koordinasi antar bagian dilakukan melalui pertemuan formal maupun secara informal (Tx2: 2)

*Coordination among departments are done through formal and informal meetings (tx2: 2)*

Koordinasi, saling mengawasi sehingga tidak terjadi manipulasi dalam implementasi strategi (Tx4: 9)

*Coordination... controlling each other so there is no manipulation in implementing the strategy (Tx4: 9)*

Kita harus mempunyai koordinasi managerial yang sifatnya lintas bidang shg strategi dpt dieksekusi secara mulus (Tx11: 1)

*We must have managerial coordination across departments so the strategy can be executed smoothly (Tx11: 1)*

Kita punya koordinasi antar bagian setiap minggu shg kalau ada kendala2 apapun bisa diselesaikan di rapat itu scr bersama2 (Hs11: 15)

*we have a coordination meeting across departments weekly so when we have constraints they can be solved together (Hs11: 15)*

Implementasi strategi SDM tidak semata-mata ditentukan oleh departemen SDM, tapi hasil koordinasi dengan departemen lainnya (Hs18: 1)

*HR strategy implementation is not only determined by the HR department but as the result of coordination among departments (Hs18: 1)*

Kami selalu berkoordinasi dengan departemen lainnya (Ht3: 11)

*We always have coordination with other departments (Ht3: 11)*

### 3. Organizational or Corporate Culture

Budaya organisasi sangat berpengaruh terhadap keberhasilan implementasi strategi SDM (Ht1: 5)

*Organizational culture affects the successful implementation of a HR strategy (Ht1: 5)*

Kita menciptakan suatu budaya bisnis yang mendorong setiap orang untuk mencapai profit, jika ada apa-apa kita kerjakan secara bersama-sama termasuk dlm hal implementasi strategi SDM (Tx10: 11)

*We create a business culture that spurs people to achieve profit, if there is anything we do it together, including the implementation of the HR strategy (Tx10: 11)*

Menurut pengalaman kita, corporate culture itu penting. Ketidaksesuaian budaya perusahaan dengan strategi yang harus kita jalankan sangat menghambat keberhasilan bahkan dalam kasus tertentu kita gagal (Ht16: 5)

*According to our experiences, a corporate culture is important. Incompatibility between the corporate culture and the HR strategy that we must execute greatly impedes success; even in certain cases, we are unsuccessful (Ht16: 5)*

Kita melakukan survey terhadap karyawan secara reguler untuk membangun budaya kita; hal ini dikarenakan organisasi tumbuh dengan dinamis sebagai respon terhadap perubahan lingkungan eksternal yang begitu cepat (Ag12: 12)

*We conduct employee surveys regularly to develop our culture... as an organization growing dynamically in response to the rapid changing of the external environment (Ag12: 12)*

Kesadaran para karyawan terhadap budaya kita perlu utk selalu diingatkan secara kontinyu. Utk melakukan ini, serikat pekerja telah membantu kita scr signifikan (Tx4: 9)

*The awareness of employees to our culture should be reminded continuously. To do this, the union has significantly helped us (Tx4: 9)*

Culture disini ini positif kok. Kalau karyawan sudah nyampe standar (target) produksi hari itu, dia bisa pulang. Tetapi kalo mau lebih ya silakan, perusahaan sih nggak keberatan (Ag4: 7)

*Our cultural values are positive. If an employee has already achieved the production standard on that day, he or she may go home. However if he or she wants to do more, the company will always welcome this (Ag4: 7)*

Kita selalu mendorong para karyawan utk bekerja lebih produktif (Ag8: 9)

*We always encourage employees to be more productive (Ag8: 9)*

Karyawan bekerja utk hidup; kami memotivasi mereka: siapa yang lebih produktif mereka akan mempunyai kehidupan yg lebih baik (Tx6: 6)

*Employees work for a living; we motivate them: who is more productive will have a better living (Tx6: 6)*

Karyawan kami mempunyai loyalitas yg tinggi makanya mereka berusaha utk bekerja sebaik-baiknya bagi perusahaan (Ag8: 12)

*Our people have high loyalty so they will try to do the best for the company (Ag8: 12)*

Kami memperhatikan mereka secara serius sehingga membuat mereka merasa seperti di rumah sendiri dan loyal ke kita. Dampak berikutnya, mereka juga bekerja secara serius (Tx10: 13)

*We take care of them [\*employees] seriously, so it makes them feel at home and loyal to us. The impact that follows is that they will also work seriously (Tx10: 13)*

Banyak dari karyawan kami yang telah bekerja disini untuk waktu yang lama; seperti sudah menjadi perusahaannya sendiri. Mereka mendedikasikan ilmu, ketrampilan dan kemampuannya bagi organisasi (Hs7: 15)

*Many of our employees have been working for a long time; it is just like their own company. They dedicate their knowledge, skill and ability for the organization (Hs7: 15)*

Karyawan kami merasa bersalah ketika perusahaan pesaing telah maju selangkah di depan kita (Ht18: 16)

*Our employees feel guilty when our competitor moves a step ahead of us (Ht18: 16)*

Satu prinsip kepemimpinan yg penting di perusahaan ini menekankan bahwa posisi yang lebih tinggi harus selalu bisa memberikan contoh kepada bawahannya dalam pencapaian tujuan-tujuan organisasi (Ag11: 23)

*An important leadership principal in this company emphasizes that the higher positions should always be able to give an example to their subordinates, for achieving the organizational goals (Ag 11: 23)*

Keteladanan itu penting , karyawan butuh role model... (Hs7: 19)

*Example is important. Emplpoyees need a role model (Hs7: 19)*

Style of leadernya. Mungkin itu yg dianut sebagian besar masy Indo patriarkhi (panutan) (Hs8: 12)

*The style of the leader. Most Indonesian people follow the patriarchal system (Hs8: 12)*

Bawahan itu selalu melihat atasan-atasannya (Tx6: 12)

*Subordinates always look to their superiors (Tx6: 12 )*

Atasan itu selalu menjadi cermin bagi bawahannya (Ht13: 14)

*Superiors always become a mirror for their subordinates (Ht13: 14)*

kalau manajemen tidak bekerja secara sungguh-sungguh maka tidak mungkin untuk mendorong karyawannya (Ht20: 11)

*If the management does not work seriously, it is impossible to encourage the employees (Ht20: 11)*

Ing Ngarso Asung Tuladha, Ing Madya Mbangun Karsa Tut Wuri Handayani (Ag11: 23)  
*Giving examples when in the front, keeping harmony when in the middle, and giving support when at the rear (Ag11: 23)*

Kalau budaya yang didalam sini [organizational culture\*] saya rasa sangat mendukung sekali (Ht13: 7)  
*The culture here [organizational culture\*] is very supportive (Ht13: 7)*

Sebagian besar karyawan tidak masalah (mau) untuk bekerja lembur bila diperlukan (Ag4: 7)  
*Most employees have no problem working overtime when needed (Ag4: 7)*

Karyawan kami enjoy melakukan pekerjaan mereka (Ag10: 14)  
*Our employees enjoy their job (Ag10: 14)*

Kami bekerja bersama dengan senang hati, seperti layaknya sebuah keluarga (Tx6: 6)  
*We are working together with happiness; it's just like a family (Tx6: 6)*

Uang bukanlah segalanya, mereka bekerja untuk kehormatan (Tx8: 6)  
*Money is not everything, they work for honor (Tx8:6)*

Mereka bekerja seperti sedang mengerjakan perusahaan mereka sendiri (Hs8: 8)  
*They [\*employees] work just like they would do in their own company (Hs8: 8)*

Sebagian besar mereka telah bekerja lebih dari 15 tahun dan mereka tidak ada keinginan untuk pindah atau keluar (Hs11: 7)  
*Most of them have been working for more than 15 years and they have no intention to leave (Hs11: 7)*

karyawan-karyawan senior kami dengan senang hati membimbing junior-yuniornya (Ht18: 13)  
*Our senior employees are happy to guide their juniors (Ht18: 13)*

Sejujurnya, sebagian budaya kami menghambat organisasi untuk bergerak lebih cepat (Ag7: 12)  
*Honestly, some parts of our culture obstruct the organization from moving faster (Ag7: 12)*

Sangat susah untuk mendorong karyawan-karyawan yang sudah tua; sebagian besar dari mereka cenderung sudah kehilangan motivasi karena kehidupan mereka sudah mapan (Ag13: 11)  
*It's very hard to encourage old employees; most of them tend to have lost motivation because their lives are already established (Ag13: 11 )*

beberapa dari mereka merasa tidak kerasan/betah ketika sedang bekerja (Tx2: 10 )  
*some of them [\*employees] do not feel at home when working ( Tx2: 10);*

Memang tidak semua budaya kita positif; kita ini lambat, kurang responsif terhadap perubahan (Hs1: 15)

*Not all of our culture is positive; we are slow, not responsive to change (Hs1:15)*

Karyawan kelompok bawah sangat susah untuk menyesuaikan diri dgn perubahan (Hs9: 2)

*Our low level staff have difficulties in adjusting to the change (Hs9: 2)*

Mereka berpikiran bahwa dengan kerja keras atau tidak toh gajinya sama (Hs15: 10)

*they [\*some employees] think that either working hard or not will get the same reward (Hs15: 10)*

motivasi yang rendah, susah untuk belajar, respon yang rendah adalah masalah-masalah kami (Ht20: 14 )

*low motivation, difficulty in learning, slow responses are our problems (Ht20: 14 )*

Meskipun kita mendatangkan konsultan, mereka bukan untuk mendikte kami tapi untuk membantu kita untuk memotret siapa kita, apa keunikan yang kita miliki (Ag12: 12)

*Although we invite consultants, they are not to dictate, but to help us to portray who we are, what our unique features are (Ag12:12)*

Sepenuhnya benar bahwa tetap kita nggak bisa terima langsung nilai-nilai barat tadi, kita perlu untuk memilah dan memilih mana yang paling sesuai untuk kita (Ag9: 4)

*For sure, we can't accept western values directly, we need to sort the most suitable for us (Ag9: 4)*

Kami punya values yang unik; kejujuran, loyalitas, dan bekerja keras sbg core values kami (Tx5: 12)

*we have unique values: honesty, loyalty, and hardworking are our core values (Tx5: 12)*

Beberapa waktu yang lalu, kantor pusat kami di Nederland mengirim 2 orang mereka untuk menstimulasi produktivitas organisasi. Mereka cenderung menggunakan apa yang mereka percayai dan mengabaikan masukan-masukan dari orang-orang lokal. Hasilnya bukannya indeks produktivitas yang meningkat tapi justru semakin memburuk. Bahkan kemudian lingkungan kerja juga menjadi tidak produktif, begitu banyak konflik. Nah sekarang..., manajemen cenderung menggunakan orang-orang lokal yang memahami benar bagaimana handle para karyawan secara bijak selama tujuan-tujuan organisasional dapat dicapai (Ag6: 14)

*Recently, our head office in Nederland sent two people to stimulate organizational productivity. They used their own beliefs [\*western principles] and neglected input from the locals. The result was not an increase in the productivity index that we achieved, but it got worse. Indeed, the work environment also became not conducive; too many conflicts. Now, the management tends to use locals who understand more how to handle employees wisely as long as the organizational goals can be achieved (Ag6: 14 )*



Karena perusahaan establish di Sumbar, tantangan kita adalah bagaimana merubah pola pikir pedagang menjadi pola pikir industri. Seperti kita ketahui, orang-orang Minangkabau terkenal sebagai pedagang (Ag4: 8)

*Because the company is established in West Sumatra, our challenge is to change 'traders' mindsets into an industrial mindset. As we know, Minangkabau people are known as traders (Ag4: 8)*

Kekhasan kita adalah kemampuan untuk mengadaptasi budaya lokal ke dalam budaya organisasi (Ht8: 7)

*Our distinctive feature is the ability to adapt local culture into the organizational values (Ht8: 7)*

Budaya jawa yang paling pas nilai-nilanya untuk diadaptasi oleh organisasi kami (Ag11: 23)

*The Javanese culture has the most suitable values to be adapted by our organization (Ag11: 23)*

Di sini budaya jawa terus menerus diingatkan dan ditanamkan kepada karyawan sebagai guide mereka bekerja. (Ht5: 8)

*Here, Javanese culture is continuously reinforced and implanted as a guideline in their work (Ht5: 8)*

Kita hidup di Bali, secara alamiah kami mengadaptasi nilai-nilai budaya Bali kedalam organisasi kami (Ht8: 6)

*We are living in Bali, naturally we adapt Balinese values into our organization (Ht8: 6)*

Di RS kami, pendekatan religious [\*Islam] lebih mengena karena kalau entry pointnya dgn aspek manajemen melulu maka tidak akan masuk ke dalam otak mereka (Hs1: 12)

*In our hospital, a religious approach[\*Islam] is very helpful because if the entry point is merely management aspects then it won't get into their minds (Hs1: 12 )*

Meskipun kami tidak semilitan rumah sakit katolik tapi prinsip-prinsip kristen tetap kita gunakan untuk mempertajam budaya kerja kita (Hs2: 12)

*Although we are not as militant as Catholic hospitals, ...but we still use Christian principles to shape our work culture (Hs2: 12)*

Prinsip-prinsip ajaran katolik kita elaborasi kedalam organizational values (Hs3: 10)

*principles of catholic teachings are elaborated into our organizational values (Hs: 10)*

Selama tiga tahun ini manajemen memakai nilai-nilai agama [\*Islam] untuk memacu motivasi kerja para pegawai agar semakin bersemangat dalam bekerja sehingga bisa bersaing dengan RS lain (Hs12: 14)

*In the last three years, the management has been using Islamic values to encourage work motivation of employees so they work harder to compete with other hospitals (Hs12: 14)*

Kita memang bukan organisasi yang berbasis agama tapi kita kan eksis di lingkungan masyarakat yang sangat dipengaruhi agama Hindu makanya nilai-nilai ajaran Hindu pun kami adaptasikan ke dalam organisasi kami (Ht8: 7)

*we are not a religious based organization but we exist in a society that is highly influenced by Hinduism, so Hindu religious values are adapted into our organization (Ht8: 7)*

### **3.3. Role of HR Department Staff**

#### ***1. HR Department Staff Capability***

Orang-orang di departemen SDM harus ditempatkan di posisi yang tepat sesuai dgn keahliannya (Ag3: 5)

*HR people should be placed in the right position according to their expertise (Ag3: 5)*

Manager SDM harus mampu memberikan bantuan yang diperlukan (Ag6: 10)

*A HR manager should be able to give necessary assistance (Ag6: 10)*

Ketrampilan, kapabilitas staf-staf kami sangat krusial (Ag8: 5)

*Skill, capability of our staff is crucial (Ag8: 5)*

Tentu saja tergantung juga pada kemampuan orang-orang kita sendiri (Ag8: 13)/

*Of course, depends on the capability of our people [\*HR people] (Ag10: 13)*

Harus didukung oleh orang-orang HR yg kemampuan analitiknya juga bagus (Ag13: 6)

*Should be supported by HR people who have good analytical capability 13: 6)*

Kemampuan karyawan departemen SDM sangat menentukan keberhasilan implementasi strategi (Tx1: 7)

*Ability of the HR people determines the success of the implementation of the strategy (Tx1: 7)*

Kemampuan kita dalam menganalisa keadaan akan sangat besar kontribusinya untuk keberhasilan implementasi (Tx3: 8)

*Our ability to analyze the situation will give a high contribution to the success of the implementation (Tx3: 8)*

Yang paling berpengaruh adalah kemampuan orang-orang SDM itu sendiri (Tx5: 11)

*The most influential is the ability of the HR people itself (Tx5: 11)*

Utk melaksanakan ini semua [strategi HR\*], peran manajer sangat menentukan dan membantu (Tx8: 5)

*to implement a HR strategy, the role of the HR manager is vital (Tx8: 5)*

Bagaimana menerjemahkannya kedalam aksi, itu sangat tergantung pada kemampuan kita (Tx10: 9)

*How to translate it into action, that deeply relies on our capability (Tx10: 9)*

Kalau kita memiliki kemampuan dan keahlian maka hasilnya akan baik (Hs2: 12)

*If we [\*HR people] have the ability and expertise, the results will be good (Hs2: 12)*

Saya rasa itu iya pak. Leadership kita akan menentukan keberhasilan implementasi (Hs8: 7)

*I think so. Our leadership will determine the success of implementation (Hs8: 7)*

Wise (bijak), itu penting. Sehingga karyawan bisa menerima kebijakan & menjalankannya strategi SDM dengan sukarela (Hs9: 10)

*To be wise, that's important. So employees are able to accept and implement the HR strategy (Hs9: 10)*

Menguasai apa-apa yang harus kita lakukan dalam proses implementasi, itulah kuncinya (Hs12: 10)

*To understand what should we do in implementation; that's the key (Hs12: 10)*

Pengakuan akan datang ketika karyawan melihat kemampuan konseptual dan operasional kita (Hs12: 11)

*Recognition will come automatically when employees see our conceptual and operational abilities (Hs12: 11)*

Apa yang kita lakukan selalu diperhatikan orang, kita harus mampu menjadi teladan bagi karyawan yang lain (Hs13: 6)

*People always pay attention to what we (\*HR people) do so we should be an example (Hs13: 6)*

kita berikan contoh, orang-orang lain akan mengikuti kita (Hs16: 5)

*Other people in the organization will follow us (Hs16: 5)*

Manager SDM harus menjadi role model (Hs20: 12)

*The HR manager should be a role model (Hs20: 12)*

Jangan membuat jarak, rangkul mereka maka mereka pun akan berpartisipasi dengan senang hati (Ht1: 7)

*Don't make a gap, embrace them then they will participate with happiness (Ht1: 7)*

Pendekatan secara kultural akan sangat membantu untuk mendorong orang-orang dalam implementasi (Ht3: 12)

*Cultural approach is very helpful to encourage people in implementation (Ht3: 12)*

Ketika orang percaya akan kemampuan kita maka mereka pun akan mengikuti kita; percaya deh itu... (Ht6: 9)

*When people believe in our ability they will follow us (Ht6: 9)*

Pemberian contoh-contoh sangat membantu (Ht7: 3)

*giving examples is very helpful (Ht7: 3)*

Ada saatnya kita hrs tegas, tapi pada saat yang lain kita bisa lebih fleksibel (Ht10: 16)

*In certain times we must be firm, in (an) other times we should be more flexible (Ht10: 16)*

Sangat tergantung pada kemampuan orang-orang SDM sendiri dalam menjelaskan dan meyakinkan (Ht13: 7)

*Deeply relies on the ability of the HR people to explain and convince (Ht13: 7)*

Tergantung bagaimana kita memainkan peran kita sebagai aktor utama (Ht14: 8)

*how we play our role as a primary actor (14: 8)*

Badilah role model... (Ht18: 10)

*Be a role model... (Ht18: 10)*

Pahami karakter orang-orang dan beri dorongan kepada mereka (Ht21: 12)

*understand people's characters then encourage them (Ht21: 12)*

Pikirkan kita ini seperti mereka sehingga kita tahu bagaimana mengendalikan mereka (Ht22: 9)

*Think of us [\*HR people] as they are [\*organization's members] so we know how to drive them (Ht22: 9)*

Selalu ingat dalam benak kita bahwa kita mempunyai ketrampilan yang cukup dan kemampuan untuk mengorganisasikan implementasi (Ht24: 11)

*keep in mind that we have sufficient skill and ability to organize the implementation (Ht24: 11)*

## **2. HR Department Staff Autonomy**

Otonomi yang saya miliki cukup besar; hal ini sungguh sangat membantu (Ag1: 6)

*I have sufficient autonomy; it's really helpful (Ag1: 6)*

Saya sangat mempunyai keleluasan untuk mengimplementasikan berdasarkan situasi dan kondisi organisasi (Ag2: 2)

*I really have the discretion to implement the strategy based on the situation of the organization (Ag2: 2)*

Saya mempunyai otonomi tapi pada saat yang sama saya juga mempunyai tanggung jawab. Yang terpenting adalah bagaimana menggunakan itu (Ag3: 3)

*I have the autonomy and responsibility at the same time. The most important thing is how to use it (Ag3: 3)*

Kami telah mendapatkan pedoman, kemudian kami mempunyai fleksibilitas dalam melakukan eksekusi strategi SDM dgn cara yg terbaik menurut penilaian kami (Ag4: 7)  
*We receive general guidance; then we have the flexibility to execute HR strategies in the best way based on our judgments (Ag4: 7)*

Kami mempunyai ruang [\*otonomi] dimana kami bisa menyelesaikan persoalan yang muncul selama proses implementasi (Ag6: 7)  
*We have space [\*autonomy] to solve problems that occur during implementation (Ag6: 7)*

Klo ditanya seberapa jauh otonomy saya? maka jawabannya adalah tergantung seberapa besar saya mampu menerimanya (Ag8: 4)  
*How far is my autonomy? It depends on how much I am able to receive it (Ag8: 4)*

Ada meeting secara rutin; namun dlm meeting tersebut jarang dibahas yg kecil-kecil yg masih bisa ditackle manager ybs (Ag10: 6)  
*there are regular meetings but they weren't to discuss small things that could be handled by managers (Ag10: 6)*

Meskipun masing-masing manajer mempunyai otonomi, tapi kita bersinergi antar departemen-departemen tersebut (Ag11: 15)  
*Although every single manager has autonomy, but we must have synergy among departments (Ag11: 15)*

Untuk dapat mengimplementasikan strategi SDM dgn baik diperlukan otonomi yg cukup besar dari orang HR utk melakukan itu (Ag12: 24)  
*To implement a HR strategy, we need adequate autonomy to do that (Ag12: 24)*

Disini setiap hal yg berkaitan dgn SDM hrs disahkan dept SDM shg kita betul2 punya otonomi; ini sangat penting (Ag13: 7)  
*Every HR policy should be authorized by the HR department (Ag13: 7)*

Semua keputusan-keputusan berkaitan dengan implementasi diserahkan saya, selama tidak keluar jalur (Tx1: 7)  
*All decisions related to implementation is up to us [\*HR department]; as long as it's on the right track (Tx1: 7)*

Saya butuh otonomi untuk bisa melakukan semua itu [\*implementasi strategi] (Tx3: 7)  
*I need autonomy to implement the strategy (Tx3: 7)*

Otonomi? nggak juga penuh! Cenderung fleksibel, tapi cukuplah untuk bisa menunjang pelaksanaan strategi SDM (Tx4:10)  
*Autonomy? not fully. It tends to be flexible but that's enough to support the HR strategy execution (Tx4: 10)*

Ini sangat critical bagaimana untuk menggunakan otonomi yang kami terima dari manajemen (Tx5: 11)

*It's critical; how to use the autonomy that we have from the management (Tx5: 11);*

Saya membutuhkan otonomi, diberi kewenangan sesuai dengan posisinya sbg manajer (Tx9: 11)

*I need autonomy proportionally as a manager (Tx9: 11)*

Kalau sdh diputuskan, kita selalu diberi otonomi untuk menjalankan sesuai area kita (Tx10: 10)

*As long as it's already decided; we always receive autonomy to do it within our context (Tx10: 10)*

Setiap manajer membutuhkan otonomi sesuai bidangnya, demikian juga dengan saya (Tx11: 4)

*Every manager needs autonomy according to their field; so do I (Tx11:4)*

Kami tidak mempunyai aturan yang rumit, manajemen percaya kami bagaimana melakukannya (Tx12: 11)

*We have no complicated rules; the management believe us in how we do it [\*autonomy] (Tx12: 11)*

Otonomi itu diperlukan utk membuat pergerakan kami lebih fleksibel (Hs2: 12)

*Autonomy is needed to make our moves more flexible (Hs2: 12)*

Manajemen percaya kami untuk mengerjakan dengan cara yang terbaik (Hs4: 10)

*The management believes in us to do the best (Hs4: 10)*

Otonomi memang penting tapi itu juga tergantung bagaimana kita menggunakannya (Hs5: 9)

*Autonomy is important but it depends on us, how to use it (Hs5: 9)*

Ada ruang dimana kami bisa membuat penilaian-penilaian (Hs8: 8)

*There is space for us to make judgments (Hs8: 8)*

Setelah mendapatkan input dari para kolega, ada hak saya untuk mengambil keputusan (Hs10: 13)

*Beyond input from colleagues, there is my right to make decisions (Hs10: 13)*

Jelas sekali bahwa otonomi yang kami miliki merupakan faktor yg menentukan keberhasilan implementasi strategi SDM (Hs12: 18)

*Clearly the autonomy that we have is an influential factor for the success of the implementation of the HR strategy (Hs12: 18)*

Kita tahu kemana kita seharusnya pergi, dan kami mempunyai hak untuk mengorganisir bagaimana untuk pergi kesana (Hs13: 9)

*We know where we should go, and we have a right to organize how to go there (Hs13: 9)*

mengekseskusi strategi SDM itu lebih rumit makanya kami memerlukan pendekatan yang flesibel untuk melakukannya (Hs14: 7)

*Executing a HR strategy is more complicated, so we need flexible approaches to do it (Hs14: 7)*

Setelah strategi HR diputuskan; itu merupakan arena kami untuk mengimplementasikannya (Hs 15: 14)

*After the HR strategy has been decided; it's our arena to implement it (Hs15: 14)*

Otonomi sudah kita terima penuh, tapi kita masih ada kesulitan untuk menggunakannya (Hs16: 5)

*We received full autonomy, unfortunately we still have difficulties to use it in practice (Hs 16: 5)*

Ruang otonomi sudah lebih dari cukup (Hs17: 3)

*Autonomy our space is more than enough (Hs17: 3)*

Oh iya....otonomi itu merupakan bagian penting dari orang-orang manjerial (Hs19: 9)

*Autonomy is an important part for people at the managerial level (Hs19: 9)*

Tentu selaku manager SDM saya harus jelas otonomi yg dilimpahkan ke saya. Klo memang ada batasan-batasan tertentu, maka saya akan bergerak dlm batasan tsb (Ht1: 6)

*Of course as a manager, my autonomy must be clear. If there are restrictions, I will act within those restrictions (Ht1: 6)*

Sangatlah rasional fleksibilitas ada ditangan kami, karena kami secara langsung terlibat dalam implementasi strategi (Ht2: 5)//

*It's rational for flexibility to be within our hands, since we were directly involved in strategy implementation (Ht2: 12)*

Selagi ada di bidang saya, manajemen memberikan saya otonomi, tetapi saya selalu mengkonsultasikannya dengan beliau (Ht3: 10)

*As long as it's in my field; the managemer gives me autonomy, however I always consult him [\*CEO] (Ht3: 10 )*

Memang benar, otonomi saya selaku manajer SDM cukup besar tetapi tiap bulan saya harus melaporkan itu (Ht4: 3)

*That's true, my autonomy as HR manager is great, but I have to report monthly (Ht4: 3)*

Kami mempunyai otonomy yang penuh tetapi harus dilaporkan bagaimana kami menggunakannya (Ht5: 8)

*We have full autonomy but should reported on how we use it (Ht5: 8)*

Keberhasilan implementasi SDM sangat bergantung pada bagaimana mengorganisasikannya (Ht6: 8)

*The success of HR implementation depends on in how to organize it (Ht6: 8)*

Kami membutuhkan suatu kepercayaan agar berhasil dalam mengemban misi yang dibebankan ke kami (Ht7: 6)

*We need trust to be succeed in the mission charged to us (Ht7: 6)*

Kita diberi otonomi utk mengatur sendiri proses implementasi, yg penting tidak keluar dari vision, mision dan budget (Ht7: 6)

*We have autonomy to organize implementation as long as it doesn't go out of the vision, mission, and budget (Ht8: 6)*

Sepanjang dalam batas otonomy kami, kami bisa bergerak secara fleksibel (Ht9: 5)

*As long as it's in our autonomy, we may move flexibly (Ht9: 5)*

Otonomi kami sangat leluasa. Saya bisa masuk ke semua departement selama berhubungan dengan SDM (Ht12: 8)

*Our autonomy is very flexible. It moves across departments -as long as it's related to HR (Ht12: 8)*

Otonomi iya, tapi jangan sampe seseorang diserahi sesuatu diluar kemampuan (Ht13: 8)

*Autonomy? Yes, but don't let someone receive something beyond her/his capability (Hs13: 8)*

Jelas...otonomi untuk menjalankan tugas selaku manajer SDM amat sangat dibutuhkan (Ht15: 5)

*For sure, autonomy to do our function as HR manager is extremely needed (Ht 15: 5)*

Kami membutuhkannya, sayangnya kadang-kadang management masih tidak sepenuhnya percaya kepada kami (Ht16: 6)

*We need it, unfortunately sometimes the management still do not completely believe in us (Ht16: 6)*

GM memberi kami otonomi untuk membuat keputusan-keputusan yang diperlukan (Ht17: 8)

*The General Manager (GM) gives us autonomy to make decisions when needed (Ht17: 8)*

Bagaimana mengimplementasikan strategi SDM diserahkan ke saya, apapun kebijakannya selama tidak membahayakan perusahaan (Ht19: 9)

*How to implement HR strategy was handed to me... whatever the policies... as long as they do not damage the company (Ht19: 9)*

GM memberikan otonomy yg penuh kepada saya selaku manajer SDM (Ht20: 11)

*The GM gives full autonomy to me as HR manager (Ht20: 11)*



### **3. HR Department staffs' Commitment**

Ini [\*implementasi strategi SDM] merupakan tugas kami untuk melakukannya (Ag1: 7)  
*It [\*HR strategy implementation] is our job to do it (Ag1: 7)*

Jika diperlukan, penegakan aturan harus dilakukan untuk mendukung keberhasilan implemntasi strategi SDM (Ag7: 7)  
*When needed, rule must be enforced to support the success of the HR strategy implementation (Ag7: 7)*

Orang-orang SDM merupakan aktor-aktor utama makanya kita harus commit dengan apa yang telah organisasi putuskan (Ag8: 13)  
*The HR people are the primary actors, so we have to commit whit what the organization has decided [\*HR strategy] (Ag8: 13)*

Orang-orang SDM harus mempunyai komitmen untuk berubah jika dikehendaki oleh strategi SDM yg sudah diformulasikan (Ag11: 12)  
*The HR people must have commitment to change, as is needed by the HR strategy formulated (Ag11: 12);*

... dan komitmen orang-orang SDM untuk mentransfer dari atas ke bawah (Ag12: 24)  
*...and the commitment of the HR people to transfer from top [\*strategy] to bottom [\*policies and practices] (Ag12: 24)*

Oh iya...komitmen seorang HR manager itu penting (Tx3: 8)  
*Oh yes... the HR manager's commitment is very important (Tx3: 8)*

Komitmen orang-orang SDM perlu untuk ditingkatkan seiring dengan pertumbuhan organisasi yang semakin complex (Tx5: 11)  
*The HR people's commitment should be improved as the organization is getting complicated (Tx5: 11)*

Sebagai bentuk komitmen kami, tidak masalah bagi kami untuk kerja lembur. Yang terpenting sistem harus berjalan dengan baik (Tx6: 8)  
*As a form of our commitment, it doesn't matter for us to work overtime. The most important thing is that the system must be running well (Tx6: 8)*

Beberapa perusahaan menawarkan saya pekerjaan yang lebih bagus tapi ini sudah menjadi komitmen saya kpd perusahaan; perubahan harus diselesaikan dulu (Tx8: 10)  
*Some companies offer me 'better' jobs, but it is my commitment to the company; the change must be completed first (Tx8: 10)*

Delapan jam tidak cukup untuk saya; kerja lembur cenderung menjadi rutinitas saya. Inilah konsekuensi sebagai manajer SDM (Tx10: 13)  
*Eight hours is not enough for me; working overtime tends to be my routine. That's my consequence as the HR manager (Tx10: 13)*

Kami sudah mendapatkan waktu untuk berbicara kemudian selanjutnya giliran kami untuk berkomitmen (Tx11: 5)

*We already had a time to speak, then it's our turn is to have commitment (Tx11: 5)*

Kita harus mempunyai orang-orang dari top, middle, dan low level yang commit untuk melaksanakan apa yang telah kita putuskan (Tx12: 7)

*We should have people from the top, middle, and low level, who commit to do what we have decided (Tx12: 7)*

Tidak ada waktu untuk menyerah, kita harus terus berusaha apapun kesulitannya (Hs1: 15)

*There is no time for giving up; we have to try, whatever difficulties there are (Hs1: 15)*

Komitmen, tentu saja sangat kritikal untuk keberhasilan implementasi (Hs2: 12)

*Commitment, of course, is very critical to the success of implementation (Hs2: 12)*

Komitmen itu mudah untuk diucapkan tapi susah untuk dilaksanakan. Akan tetapi kita harus melakukannya karena sangat penting (Hs5: 9)

*Commitment is easy to be said but difficult to be done. However we must do it because it's very important (Hs5: 9)*

Kalau kita nggak punya komitmen untuk mengimplementasikannya, bagaimana dengan yang lain (Hs8: 11)

*if we don't even have commitment to implement it [\*HR strategy], what about others (Hs8: 11)*

Komitmen dari orang-orang SDM sangat dibutuhkan (Hs10: 15)

*Commitment of the HR people is very (demanding) necessary (Hs10: 15)*

Atasan harus mempunyai komitmen untuk berhasil (Hs15: 11)

*Superiors must have a commitment to succeed (Hs15: 11)*

Untungnya, orang-orang kita komitmennya sangat bagus sehingga membuat saya lebih mudah dalam pengimplementasian strategi (Hs16: 5)

*Luckily, our peoples [\*HR people] commitment is very good so it makes it [\*HR manager] easier for me in implementing the strategy (Hs16: 5)*

Apa yang kita bikin, apa yang kita ikuti (Hs17: 3)

*what we have done, that we will follow (Hs17: 3)*

Meskipun komitmen kami bukanlah satu-satunya variabel untuk kesuksesan, tapi itu sangat penting (Hs19: 13)

*Although our commitment is not the only variable for success; but its very important (Hs19: 13)*

Faktor penentunya adalah para manajer kami mempunyai satu komitmen yang sama (Ht1: 4)

*The determinant factor is that our managers have the same commitment (Ht1: 4)*

Tidak diragukan lagi, komitmen orang-orang SDM sangat dibutuhkan (Ht3: 22)

*There is no doubt that the commitment of the HR people is very needed (Ht3: 22)*

Departemen SDM sangat penting untuk memperhatikan secara kontinyu berkaitan dengan konsistensi dalam implementasi startegi SDM (Ht6: 22)

*The HR department should pay attention continuously regarding consistency in the HR strategy implementation (Ht6: 22)*

Jadi bisa dibilang strategi apapun yg paling canggih klo kita nggak bisa jadi role model nggak ada gunanya pak... (Ht7: 20)

*It can be said that, however good a strategy is, but if we [\*HR people] are not able to be a role model, it will be nothing (Ht7: 20)*

Orang-orang kami mesti punya dedikasi utk melaksanakan apa yang telah kami formulasikan (Ht9: 5)

*Our people should have dedication to do what we have formulated (Ht9: 5)*

Ketegasan mengimplementasikan strategi harus dilakukan secara konsisten (Ht11: 24)

*Assertiveness to implement a strategy should be done consistently (Ht11: 24)*

Komitmen tidak hanya berkaitan dengan kami tapi bagi seluruh anggota organisasi (Ht14: 4)

*Commitment is not only about us [\*HR people] but for all of the organization's members (Ht14: 4)*

Itu merupakan tanggung jawab semua & kita hrs komit (Ht15: 8)

*That's our responsibility; we must have commitment (Ht15: 8)*

Kalau sudah ada keputusn kita harus punya komitmen untuk melakukannya, kalau mencla-mencle nggak ada dukungan (Ht16: 6)

*When there is a decision, we must have commitment to do it. If we are inconsistent; others will follow us (Ht 16: 6)*

Itu merupakan tanggung jawab semua & kita hrs komit (Ht19: 14)

*That's our responsibility; we must have commitment (Ht19:14)*

Konsistensi kami akan mempengaruhi yang lain untuk melakukan hal yang sama (Ht21: 10)

*Our consistency will influence others to do the same thing (Ht21: 10)*

Strategi yang bagus, orang yang bagus, lingkungan yang mendukung, komitmen tinggi; itulah yang kita butuhkan untuk keberhasilan implelementasi strategi SDM (Ht25: 9)

*Good strategy, good people, good environment, high commitment; that's what we need to be successful in HR strategy implementation [Ht25: 9]*

Sebagai komandan, saya harus mampu memperlihatkan bahwa saya melaksanakan apa yang telah saya putuskan (Ht28: 13)

*As a commander, I [\*HR manager] should be able to show that I do what I decided (Ht28: 13)*

**Appendix 3**  
**CHARACTERISTICS OF THE BEST PRACTICES**

<i>Industry</i>	<i>Recruitment</i>	<i>Selection</i>	<i>Training &amp; Development</i>	<i>Compensation</i>	<i>Performance Appraisal</i>
Ag1	Internal channel	Administrative, attitude	Skill improvement	Incentive focus Insurance, health, superannuation	Every 3 months By supervisor Diligence, attendance, attitude, development
Ag2	Internal channel	Administrative, attitude	Skill improvement	Performance based Insurance Pickup cars, equipments, health, superannuation	By supervisor Discipline, attendance, motivation
Ag4	Internal channel	Education, skill, attitude	Team work building Export standard	Inflation based Performance based Insurance, health, superannuation	By supervisor Performance
Ag7	Internal channel	Administrative, skill	Skill improvement	Incentive focus Insurance, health, superannuation	Every 6 months By supervisor Discipline, attendance, loyalty
Tx2	Internal channel	Administrative, skill, motivation	Skill improvement Understanding rules	Monthly package plus incentive Insurance, health, superannuation	By line supervisor Attitude & performance

To be continued in the next page

Appendix 3 continued.

<i>Industry</i>	<i>Recruitment</i>	<i>Selection</i>	<i>Training &amp; Development</i>	<i>Compensation</i>	<i>Performance Appraisal</i>
Tx6	Internal channel	Administrative, written test, interview Attitude & skill	Skill improvement	Monthly package plus performance Insurance, health, superannuation	Supervisor
Tx8	Applicants, advertising	Education, attitude, skill	Skill improvement, product standard	Monthly package	Supervisor Daily performance
Hs4	Internal channel	Administrative, written test, practical test, interview Attitude, skill	Skill, quality of services	Monthly package Performance Insurance, health, superannuation	Supervisor Every year
Hs5	Internal channel, church network	Health, skill, attitude, knowledge,	Skill improvement, understanding rules, discipline	Monthly package, functional, structural Insurance, health, superannuation, pension	Supervisor Based on daily report, patients satisfaction index
Hs16	Internal channel, group network	Attitude, skill, knowledge	Skill improvement, delivering services	Monthly package Insurance, health, superannuation	Supervisor Yearly Discipline, attitude, patients complaints
Source: compiled from interviews transcriptions					

Appendix 4  
PROTOTYPES OF SHRM ACROSS INDUSTRIES

No	Industry	Code	Approach		Role of HR Department	
			Best Practice	Best Fit	Two-way Linkage	Integrative Linkage
1	Agriculture	Ag1	√	-	√	-
2	Agriculture	Ag2	√	-	√	-
3	Agriculture	Ag3	-	√	-	√
4	Agriculture	Ag4	√	-	√	-
5	Agriculture	Ag5	-	√	-	√
6	Agriculture	Ag6	-	√	-	√
7	Agriculture	Ag7	√	-	√	-
8	Agriculture	Ag8	-	√	-	√
9	Agriculture	Ag9	-	√	-	√
10	Agriculture	Ag10	-	√	-	√
11	Agriculture	Ag11	-	√	-	√
12	Agriculture	Ag12	-	√	-	√
13	Agriculture	Ag13	-	√	-	√
	Total Agriculture		4	9	4	9
14	Textile	Tx1	-	√	-	√
15	Textile	Tx2	√	-	√	-
16	Textile	Tx3	-	√	-	√
17	Textile	Tx4	-	√	√	-
18	Textile	Tx5	-	√	-	√
19	Textile	Tx6	√	-	√	-
20	Textile	Tx7	-	√	-	√
21	Textile	Tx8	√	-	√	-
22	Textile	Tx9	-	√	√	-
23	Textile	Tx10	-	√	√	-
24	Textile	Tx 11	-	√	-	√
25	Textile	Tx12	-	√	-	√
	Total Textile		3	9	6	6
	Total Manufacturing		7	18	10	15
To be continued in the next page.						

Appendix 4 continued

No	Industry	Code	Approach		Role of HR Department	
			Best Practice	Best Fit	Two-way Linkage	Integrative Linkage
26	Hospital	Hs1	-	√	√	-
27	Hospital	Hs2	-	√	-	√
28	Hospital	Hs3	-	√	-	√
29	Hospital	Hs4	√	-	√	-
30	Hospital	Hs5	√	-	√	-
31	Hospital	Hs6	-	√	-	√
32	Hospital	Hs7	-	√	-	√
33	Hospital	Hs8	-	√	-	√
34	Hospital	Hs9	-	√	-	√
35	Hospital	Hs10	-	√	-	√
36	Hospital	Hs11	-	√	-	√
37	Hospital	Hs12	-	√	-	√
38	Hospital	Hs13	-	√	-	√
39	Hospital	Hs14	-	√	√	-
40	Hospital	Hs15	-	√	-	√
41	Hospital	Hs16	√	-	√	-
42	Hospital	Hs17	-	√	-	√
43	Hospital	Hs18	-	√	-	√
	<b>Total Hospital</b>		<b>3</b>	<b>15</b>	<b>5</b>	<b>13</b>
44	Hotel	Ht1	-	√	-	√
45	Hotel	Ht2	-	√	-	√
46	Hotel	Ht3	-	√	-	√
47	Hotel	Ht4	-	√	-	√
48	Hotel	Ht5	-	√	-	√
49	Hotel	Ht6	-	√	-	√
50	Hotel	Ht7	-	√	-	√
51	Hotel	Ht8	-	√	-	√
52	Hotel	Ht9	-	√	-	√
53	Hotel	Ht10	-	√	-	√
54	Hotel	Ht11	-	√	-	√
55	Hotel	Ht12	-	√	-	√
56	Hotel	Ht13	-	√	-	√
57	Hotel	Ht14	-	√	-	√
58	Hotel	Ht15	-	√	-	√
59	Hotel	Ht16	-	√	-	√
60	Hotel	Ht17	-	√	-	√
61	Hotel	Ht18	-	√	-	√
62	Hotel	Ht19	-	√	-	√
63	Hotel	Ht20	-	√	-	√
	<b>Total Hotel</b>		<b>0</b>	<b>20</b>	<b>0</b>	<b>20</b>
	<b>Total Services</b>		<b>3</b>	<b>35</b>	<b>5</b>	<b>33</b>
	<b>Total Industry</b>		<b>10</b>	<b>53</b>	<b>15</b>	<b>48</b>
			<b>63</b>		<b>63</b>	



## Appendix 5

### LIST OF PUBLICATIONS

#### **Publications of Research Methodology:**

1. Hartono, A. (2010). Putting Organizational Studies in Indonesia into the Right Track: Dialectic between Positivism and Interpretivism. *National Seminar and Call for Paper*, Department of Management, Faculty of Business and Economics, Universitas Islam Indonesia, Yogyakarta, Indonesia, 4-5 February 2010.
2. Hartono, A. (2007). Developing a Model of the Indonesian Business Management: A Methodological Perspective. *The 1st PPM National Conference on Management Research*, Jakarta, Indonesia, 7th November 2007.
3. Hartono, A. (2006). Doing Grounded Research Manually: a Lonely Journey of Pain and Joy. *7<sup>th</sup> International Interdisciplinary Conference Advance in Qualitative Research*, Surfer Paradise, Australia, 13-16 July 2006.

#### **Publications of Findings and Discussion:**

1. Hartono, A. (2010). Paradigm Shift of Human Resource Management in the Indonesian Organizations. *Second Annual International Conference on Global Business Riyadh (ICGB2010)*, Riyadh, Saudi Arabia, 16-18 June 2010.
2. Hartono, A. & Scott-Ladd, B. (2008). The Determinants of Human Resource Strategy Implementation: An Indonesian Case Study. *International Conference on Business and Management*, Bandar Seri Begawan, Brunei Darussalam, 8-9 January 2008.
3. Hartono, A. & Scott-Ladd, B. (2007). The Role of Human Resource Managers in Strategic Decision Making Process: An Indonesian Case Study. *Global Academy of Business and Economic Research (GABER) Conference*, Bangkok, Thailand, 27-29 December 2007.
4. Hartono, A. & Entrekin, L. (2006). The Investigation of the Model of Strategic Human Resource Management in Indonesia. *1<sup>st</sup> International Management and Business Research Conference*, Denpasar-Bali, Indonesia, 23-24 August 2006.
5. Hartono, A. (2006). Local Culture Adaptation to the Management of People in the Workplace: An Indonesian Case. *Asia Pacific Week*, Australia National University (ANU), Canberra, 29 January-2 February 2006.

Note: Paper entitled “The Investigation of the Model of Strategic Human Resource Management in Indonesia” had been selected as the best paper in the HRM stream.